As of 11 a.m. ET **DJIA** 10138.97 ▼ 0.95% **FTSE 100** 5145.74 ▼ 1.37% **Nikkei 225** 10414.29 ▲ 1.58% **Shanghai Comp.** 2994.14 ▲ 0.25% **Hang Seng** 20356.37 ▲ 1.61% **Sensex** 16306.87 ▲ 0.10% **S&P/ASX 200** 4673.26 ▲ 0.62%

My Korean New Year: how a family tradition endures
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Obama's agenda is just more of the same
EDITORIAL & OPINION 10

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Karzai launches London conference on Afghanistan with sober tone

European Pressphoto Agency

Afghan President Hamid Karzai said training and equipping troops could take five to 10 years. Foreign soldiers may be needed in his country for up to a decade, and the international community may have to financially support the army in the meantime. **Page 9.**

Toyota nears product fix for gas pedal

By Kate Linebaugh And Mariko Sanchanta

Toyota Motor Corp. is close to developing a repair for the sticking gas pedal that caused the company to halt U.S. sales of eight models this week, according to people who have been briefed on the company's actions.

Toyota is seeking approval from the National Highway Traffic Safety Administration for the fix, which could come in the next few days, said two people familiar with the matter. If the approval is received, production could begin next week with dealers receiving the new part within the next two weeks, they said.

Also Thursday, Toyota said its large-scale recall stemming from the sudden acceleration problem would spread to Europe on an undetermined number of vehicles as well as to China.

The company is calling the equipment repair a "spacer" that would be inserted into the gas pedal, increasing the tension in a spring and helping to prevent the accelerator from sticking in position.

"We have got some options that are going to address the issue," Toyota spokesman Mike Goss said. "I can't confirm what the fix is."

Late Wednesday, Toyota said the company has revised the design of the gas pedal in conjunction with its parts supplier, **CTS** Corp., for newly manufactured vehicles. "Pedals featuring the revised design are now in full production at CTS to support Toyota's needs," Toyota said in a statement Wednesday.

In that statement, Toyota said it is working as quickly as possible to develop effective modifications to existing pedals in vehicles on the road and in dealership lots.

Toyota on Tuesday put a hold on sales in response to growing concerns that possible defects may cause the vehicles to accelerate unintentionally, but many questions remain about the cause of the problem.

The company added 1.1 million vehicles to another recall from last year that originally affected 4.3 million vehi-

Please turn to page 12

■ Some fret about Japan's quality image..... Page 13

Banks eschew pay limits

Despite their tough talk about clamping down on pay, banks and securities firms are using other financial perks to ease the toll on employees.

*By **David Enrich**, **Sara Schaefer Muñoz** and **Aaron Lucchetti***

Bank of America Corp. and **Citigroup** Inc. are doling out shares that employees can sell within months—much sooner than normally allowed. Other giant banks, including **Goldman Sachs Group** Inc. and **Royal Bank of Scotland Group** PLC, let certain employees borrow money to relieve personal cash crunches. And some U.K. banks have considered raising base, or cash, salaries—funds that won't be subject to the country's new 50% tax on bonuses.

Such moves are a contrast to concessions recently made by large financial firms in hopes of defusing public anger, and political retaliation, over the comeback of sky-high compensation.

Many banks and securities firms are paying bonuses with a bigger percentage of stock.

Bank of America and Citigroup are doling out shares that employees can sell within months. Other giant banks let employees borrow cash.

Goldman sharply reined in pay and benefits during the fourth quarter. This week, the firm told partners that 60% of their 2009 bonuses will be in the form of restricted stock.

The new pay culture is squeezing bankers with hefty mortgage payments and private-school tuition bills—and has prompted some companies to find ways to assist cash-squeezed employees.

"I know it sounds ridiculous to Main Street, but it's a hardship," says Gary Goldstein, who runs Whitney Group, a financial-services job-search firm in New York. "So firms are trying to help out any way they can."

Loans are the most popular form of financial aid for traders and investment bankers. Gustavo Dolfino, a senior managing director at recruiting firm Accretive Solutions, says loans "are happening all over" Wall Street. They include a type of bridge loan made to tide over employees

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Davos 2010

Chinese Vice Premier Li Keqiang says China will maintain existing economic policies this year but will increase policy flexibility to manage inflation expectations. **Page 7**

The new global economic landscape creates unique problems for Asian policy makers in the fight against inflation. **Page 8**

Greece denies it has held bailout discussions. **Page 8**

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PAGE TWO

What's News—

* * *

Business & Finance

■ **Ford reported** its first annual profit since 2005 and said it will remain profitable on a pretax basis during the next two years. The U.S.-based auto maker also said it halted production of a full-size commercial vehicle in China after discovering that the gas pedal used came from the supplier involved in Toyota's recall. **15**

■ **Hyundai's profit** nearly quadrupled, and the auto maker plans to increase its market share. **15**

■ **Nintendo said** year-end holiday sales were strong, suggesting its Wii console had regained its footing, though a strong yen and price cuts continued to push down the company's profit. **15**

■ **Nokia's earnings rose**, helped by handset sales, while Motorola reversed a year-earlier loss. **18**

■ **China predicted** that international oil prices will average $80 a barrel this year, about 25% higher than last year. **3**

■ **U.S. stocks fell**, putting major indexes on track for their worst month since last February. In Asia, the Hang Seng index snapped a six-day slide. **21**

■ **XD Electric** was the first Shanghai stock to fall on debut since regulators lifted a freeze on new listings in June. **16**

■ **IFM Investments**, China's only Century 21 real-estate chain, sold its U.S. IPO a day late and more than a dollar short, but its price was up in early trading. **16**

■ **TSMC posted** its highest quarterly net profit in two years, underpinned by a recovery in global chip demand. **17**

■ **Nippon Steel swung back** to profit for the first time in four quarters on increased exports to China and other parts of Asia. **17**

■ **The Philippine economy** grew at a faster-than-expected pace in the fourth quarter, as the central bank took a step toward curbing liquidity-enhancing measures. **4**

■ **Singapore's economy** is unlikely to average 5% annual growth, as it did in the past decade, Prime Minister Lee said. **4**

■ **Hong Kong's de facto** central bank achieved an investment gain last year, but its chief expects a volatile 2010. **19**

■ **The Tokyo Stock Exchange** is likely to postpone its IPO yet again as it records a loss for a second straight year. **19**

■ **U.S. jobless claims fell** by 8,000 to 470,000 last week, a smaller decline than economists had expected. **WSJ.com**

Reuters

Rescuers search for victims after a military plane crashed Thursday into a residential area in the southern Philippines, killing a two-star air force general and eight other people, including one person on the ground. At least two others on the ground were injured. The twin-prop Nomad aircraft smashed into three houses and burst into flames shortly after taking off from Cotabato City. The cause of the crash wasn't immediately clear.

* * *

World-Wide

■ **Karzai said foreign troops** may be in Afghanistan for up to a decade, at a conference meant to kick-start the transition from foreign to Afghan troops. **9**

■ **North Korea said it detained** an American man for illegally entering the country from China.

■ **Chinese government** accountants said officials in areas hit by the 2008 earthquake diverted $34 million in reconstruction money to unauthorized uses. **4**

■ **Ten terror suspects** have been detained by Malaysian authorities, including a local Syrian Muslim preacher, a man arrested with the group but later released said. **6**

■ **Companies that run** key public infrastructure assets are regularly victims of the kind of cyber attacks that penetrated Google, a report in the U.S. found. **3**

■ **A leak of drain-cleaning fluid** that sent two Hong Kong residents to the hospital was an accident, police said.

■ **Died: J.D. Salinger**, 91, American author best known for his novel "The Catcher in the Rye," of natural causes, in New Hampshire.

ONLINE TODAY

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Inside

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Capital Journal: The American public's 'crisis of confidence.' **9**

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WORLD NEWS

China sees oil prices at $80 a barrel

Agency prediction reinforces analysts' expectations that Chinese demand will continue to help push prices up

By Shai Oster

BEIJING—China's economic planning agency predicted that international oil prices will average $80 a barrel this year—about 25% higher than last year—reinforcing analysts' expectations that Chinese demand will continue to help push prices up despite concerns that recent credit-tightening moves could crimp its appetite for fuel.

The forecast by the National Development and Reform Commission, reported Thursday by China's state-run Xinhua news agency, suggests Beijing sees room for oil to rise above its current level of around $74 a barrel. The agency said prices will be supported by economic recovery and loose monetary policy that increases investment in futures markets. It said $80 per barrel would suit "healthy" development of China's oil industry because it would allow oil refiners' to make a profit but not hurt consumers.

In December, China's apparent oil demand surged 15% compared with the same period a year earlier, helping underpin a 16% rise in oil-futures prices from mid-December to early January. More recently, signs that China's government is trying to head off inflation and asset bubbles by curbing bank lending have created uncertainty over China's economic outlook, contributing to a fall in oil prices.

Reuters

A PetroChina employee inspects valves at an oil-storage facility in Suining, Sichuan province, on Thursday.

Some analysts say markets may be overreacting to the credit-tightening measures, since much of the oil demand is being driven by infrastructure building that has already received funding.

"With growth front-loaded in 2010, the progressive tightening won't bear much impact on oil demand in the first half of the year," said Harry Tchilinguirian, senior oil analyst at BNP Paribas.

The Eurasia Group predicts that China will complete its monetary tightening gradually, and the "impact on oil demand is likely to be marginal."

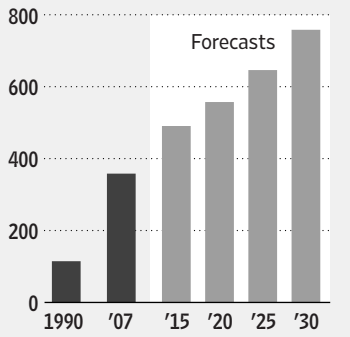
The Paris-based International Energy Agency forecasts China's oil demand for the year will average 8.82 million barrels a day, an increase of 4.3% from last year's 8.46 million barrels a day. Chinese oil demand surged 7.2% from 2008 as the government's stimulus package revived construction and car sales.

Goldman Sachs analysts, in a recent report, predicted this year average oil prices could be even higher than China's forecast, at $90 a barrel for oil traded on the New York Mercantile Exchange. They base their argument on new demand from emerging countries outstripping added oil supply produced from countries outside of the Organization of Petroleum Exporting Countries for the first time since the middle of 2008, when oil prices peaked at $147.

Figuring out China's situation is difficult because of a lack of transparency. There is no reliable data available on how much oil is going into government or company stockpiles. Typically, Chinese demand surges ahead of major holidays, such as the Chinese Lunar New Year that starts in mid-February this year, when tourism spikes, or when Chinese buyers think the government is about to raise prices. In following months, demand may fall as the stockpiles are used.

Thirstier

China's oil demand, shown in million tons of oil equivalent



Source: International Energy Agency

In past months, analysts pointed out the strange trend that gasoline demand wasn't growing nearly as fast as other oil products. That could be partly explained by Chinese buying cars with smaller engines and using them less.

China's rising demand also reflects new oil refineries starting up. Much of their production was exported, where it could be sold for a higher price than in China. For the first time in more than a decade, China was a net fuel exporter, according to energy analyst Paul Ting, head of Paul Ting Energy Vision.

—Jing Yang in Shanghai contributed to this article.

Cyberattacks affect firms in key sectors

By Siobhan Gorman

WASHINGTON—Companies that run key public infrastructure assets like electric utilities, oil refineries and banks are regularly victims of the kind of cyberattacks that recently penetrated **Google** Inc., according to a new report by a former top homeland security official.

Cyberattacks are often coupled with extortion demands, according to the report commissioned by the computer antivirus company McAfee, which found that 20% of the 601 companies and government agencies surveyed said they had been a victim of an attack within the past two years. It wasn't clear whether any companies paid the attackers.

Stewart Baker, a former senior official at the Department of Homeland Security and the National Security Agency, led a team that surveyed executives at companies responsible for critical infrastructure around the world. Approximately 100 executives were American, and 20 to 50 participated from one of 13 other countries, including China, Russia, and the U.K.

The report was funded by the antivirus company, but Mr. Baker said his team at the Center for Strategic and International Studies think tank had a "free hand" in designing the survey and writing the report.

A former law-enforcement official cautioned that executives often don't know the details of attacks on their networks and said the report should have collected specific data on cyber events at companies instead of relying on a survey.

Among the executives surveyed, 54% said their company had been the subject of infiltration, according to the survey, and two-thirds of those companies said the attacks had harmed company operations.

"That suggests it's a form of attack that's rife in critical infrastructure," Mr. Baker said in an interview.

The Wall Street Journal reported last year that Chinese and Russian cyberspies had infiltrated computer systems controlling the U.S. power grid and other U.S. infrastructure and had left behind tools that would allow attackers to destroy components of the network. Chinese and Russian officials denied any government involvement in the attacks.

The executives said attackers from the U.S. and China were the most worrisome. The U.S. was rated most aggressive by 36% of executives, followed by China at 33%. The countries most worried about the U.S. are China, where 89% were most worried about the U.S., followed by Brazil, Spain, Mexico and Russia.

The survey found that rates of extortion were highest in the oil and gas sector, where 31% of executives reported their companies had been victimized by such a scheme, followed by electric utilities at 27%.

Extortion plots were most common in India, the Middle East, and China and were least prevalent in the U.S. and the U.K.

—Russell Gold and Ben Casselman contributed to this article.

GTL INFRASTRUCTURE

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Philippine economy grew in period

Fourth-quarter expansion was better than expected on improved industrial output; key interest rates held steady

By Rhea Sandique-Carlos And Cris Larano

MANILA—The Philippine economy grew at a faster-than-expected pace in the fourth quarter, as industrial output improved and the services sector remained buoyant, while the nation's central bank took the first step toward withdrawing liquidity-enhancing measures.

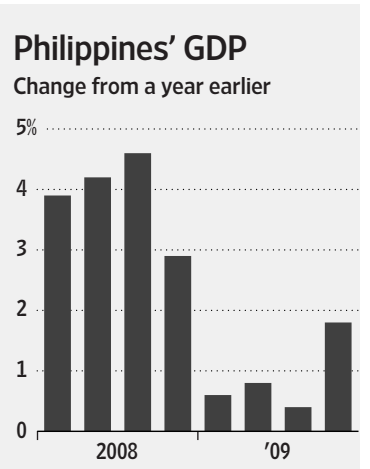
The Bangko Sentral ng Pilipinas kept its key policy rates steady Thursday, and economists expect the central bank to stick to its expansionary policy until after the elections in May to allow the recovery to gain more traction. Still, Thursday's move to raise the peso rediscount rate acknowledges the country's improving economic health.

"Since the risk of contagion from global financial stresses is markedly reduced with the sustained stability in global financial markets, the need for more liberalized pricing of rediscounting loans is now less," bank Governor Amando Tetangco said Thursday.

The growth in 2009 was the weakest since the 0.6% contraction in 1998 due to the Asian financial crisis, prompting the country's chief economic planner to pledge further stimulus spending this year and suggest the central bank keep monetary policy loose for a while longer. Also, benign inflation gives monetary authorities added policy flexibility.

Agence France-Presse/Getty Image

Construction workers arrange steel reinforcement bars of an unfinished building in Manila last week.



The central bank "has the flexibility to put on hold policy [adjustments] for a while longer in order to figure out where the economy is headed," said Song Seng Wun, a regional economist at CIMB-GK Research in Singapore.

Gross domestic product rose 1.8% on year in October to December and 0.9% for the whole of 2009, the National Statistical Coordination Board said.

Growth in the fourth quarter was 0.9% from the previous three months. Expansion in the third quarter was revised down to 0.4% from 0.8%.

The government had projected growth to be between 0.6% and 1.6% in the fourth quarter from a year earlier, and between 0.7% and 1% for the full year, even though its formal target was 0.8% to 1.8%.

The median estimate of 11 economists polled by Dow Jones Newswires put fourth-quarter growth at 1.2%, with forecasts ranging from 0.1% to 2%.

Gross national product, which includes income from abroad, rose 2.4% on year in the fourth quarter and 3% for 2009.

Services rose 4.2% year-to-year in the fourth quarter and industrial output gained 1.1% after three quarter of contractions, while agriculture dropped 2.8% on year because of recent typhoons.

"Having kept the economy from a recession thus far, the tasks ahead are clear," Economic Planning Secretary Augusto Santos said, referring to the need to undertake more infrastructure spending and create additional jobs.

Inflation rose to 4.4% in December, and the central bank expects it to come within 4.5% to 5.4% for January. The central bank has set an average inflation target between 3.5% and 5.5% for this year.

The government is sticking with its 2.6% to 3.6% growth target for the whole of 2010 despite a rosier forecast for the global economy from the International Monetary Fund, and prospects of a strong first-quarter expansion because of campaign spending ahead of the general elections in May.

"The global economy is still not out of the woods yet, so we want to be conservative," said Dennis Arroyo, director for national policy and planning staff at the National Economic and Development Authority.

Singapore says growth won't average 5%

By Se Young Lee

SINGAPORE—Singapore's economy is unlikely to average 5% growth a year over the next 10 years, as it did in the past decade, because the city-state has become more developed, Prime Minister Lee Hsien Loong said.

"We must acknowledge that we are now more developed economically than we were 10 or 15 years ago, and we can no longer grow as rapidly as before," Mr. Lee said in a transcript of a speech released by the government Thursday, noting Singapore's economy averaged 5% annual growth from 1999 to 2009. "Overall, if you take it over the next decade, I think 5% will be a stretch."

Mr. Lee said that 2009 turned out to be a much better year than initially expected, partly because the worst-case scenarios of the global financial crisis didn't materialize, and partly due to the government's 20.5 billion Singapore dollar (US$14.6 billion) stimulus package designed to cushion the severe fall in external demand.

Initial government estimates this month showed Singapore's economy contracted by 2.1% last year. Though this was the first decline since 2001, it was far less than initially feared. The government forecast in April that the economy would shrink by 6% to 9% in 2009, though it was later revised up.

Indeed, Singapore's economy has rebounded quickly as external conditions improved, emerging from the deep slump in the second quarter of 2009. The government expects that the economy will grow by 3% to 5% this year, but some economists believe the city-state has a potential to post a stronger figure with signs of a broadening recovery in recent exports and manufacturing data.

In the speech, Mr. Lee cautioned that global growth will remain weak for several years to come, with U.S. consumers becoming less willing to spend. Still, the prime minister said income per capita can continue to rise if the Singapore work force sharply improves its productivity to compensate for slower growth.

Associated Press

Tourists visiting the waterfront of the business district in Singapore this month. Rapid economic growth has slowed.

China says some 2008 quake funds were diverted

By Gordon Fairclough

SHANGHAI—Chinese government accountants said officials in areas hit by a massive earthquake in May 2008 diverted $34 million in reconstruction money to unauthorized uses—a relatively small amount compared to size of the rebuilding effort.

In a report released Thursday, the National Audit Office said that an October review of reconstruction projects following the 7.9-magnitude earthquake that hit southwestern China also found other problems, ranging from families pushed to return to unsafe homes to major delays in school reconstruction in one province.

Overall, however, the report concluded that the "use and management of reconstruction funds is well regulated," and said the audit agency's investigation "didn't find serious problems involving illegality, rule-breaking or wasteful and loss-making practices."

The scale of China's rebuilding effort in the wake of the quake, which left nearly 90,000 people dead or missing and five million homeless, is massive. The auditors' report covered nearly 850 rebuilding projects for infrastructure, schools and homes with planned investment totaling $11.26 billion, of which $5.46 billion had already been spent.

Overall, China had spent nearly $74 billion on reconstruction projects as of October, roughly half of the planned rebuilding budget for the three quake-hit provinces, according to the National Development and Reform Commission. Nearly 240,000 replacement homes also had been built or were under construction, along with more than 2,900 schools.

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WORLD NEWS: ASIA

Trial of Malaysia's Anwar to begin

By James Hookway

KUALA LUMPUR—The trial of opposition leader Anwar Ibrahim on sodomy charges—the second he has faced in little more than a decade—is scheduled to begin next week, and observers say the outcome could determine if Malaysia succeeds in ending its corrosive, race-based politics.

The unlawful-sex trial features many of the main players in a position to decide whether Malaysia, one of the Muslim's world's most important countries, should open up its economic and political systems or shift toward an increasingly strident form of Islam.

Mr. Anwar is the charismatic leader of a multiracial opposition alliance that is trying to dislodge Malaysia's government after 57 years in power. Prosecutors accuse him of sodomizing a young male aide in 2008—an illegal act in Malaysia—and a crime that Mr. Anwar, 62 years old, says was fabricated to destroy his reputation. Mr. Anwar was jailed on similar charges from 1998 to 2004 before his conviction was overturned on appeal.

Prime Minister Najib Razak, who leads the ruling United Malays National Organization, a party built on defending the political and economic privileges of Malaysia's Muslim ethnic-Malays, says he had nothing to do with the allegations against Mr. Anwar. The 56-year-old Mr. Najib acknowledges being photographed with Mr. Anwar's accuser, Saiful Bukhari Azlan, and says the young man sought his advice before filing a police complaint against the opposition leader. Mr. Najib says he advised Mr. Saiful to make up his own mind on whether to file a case against Mr. Anwar; Mr. Saiful didn't respond to requests to comment.

Reuters

Lawyers for opposition leader Anwar Ibrahim are trying to postpone his trial.

Few Malaysians appear to believe the charges leveled against Mr. Anwar, political analysts say. Some people here view the trial—which Mr. Anwar's lawyers are still attempting to delay—as an extension of a long-running tussle for power between Messrs. Anwar and Najib. "It's just politics, played by different rules," says Redzuan Osman, a 26-year-old clothes vendor who plies his trade in the crowded streets of downtown Kuala Lumpur.

The U.S. and groups such as Amnesty International have raised concerns about the way the case against Mr. Anwar might be handled, with the State Department in 2008 saying it had "serious concern" about the impartiality of Malaysia's legal system—a concern that Malaysia's government says has no foundation.

If Mr. Anwar were convicted and jailed, political observers say, it could put a damper on the country's democratic development. He is one of the few Muslim-Malaysian leaders capable of slowing the country's lurch toward a more explicitly political interpretation of Islam. He has managed to unify Malaysia's disparate opposition groups—including an Islamic party and the ethnic-Chinese dominated Democratic Action Party, as well as his own multiracial People's Justice Party.

Mr. Anwar is "the only person who can link the Islamist party with other members of the opposition coalition," says Carlyle Thayer, a Southeast Asia expert at Australia's University of New South Wales. "And that makes him a target."

In recent years, Malaysia has become increasingly Islamic, partly to deflect homegrown radicals who wish to turn the country into Southeast Asia's first Islamic state.

A High Court ruling on Dec. 31 that Roman Catholics can use the word "Allah" as a translation for God in the Malay-language pages of their weekly newspaper, meanwhile, provoked uproar. Mr. Najib's government appealed the court decision, saying the Arabic term should be reserved solely for Muslims, despite widespread use of the word by Christians and other minorities in Arabic-speaking countries and places such as Indonesia.

Vandals later fire-bombed or defaced at least 11 churches, upsetting Mr. Najib's efforts to win support from ethnic-Chinese and Indian voters, who make up nearly 40% of Malaysia's 27 million people, ahead of national elections due by 2013. Attackers subsequently tried to burn down a number of Muslim prayer rooms, and on Wednesday, worshippers attending early-morning prayers found severed boar heads at two mosques near Kuala Lumpur—a gross insult in Islam, whose adherents believe pigs to be unclean.

Mr. Najib didn't respond to requests to comment, but he said in a statement following the initial church attacks that he condemned them and said they "do not represent Malaysia and Islam."

Mr. Anwar and his opposition-bloc allies say Christians have the right to use the word Allah, which is commonly heard in Malay-language church services.

Some businesses and investors now worry that Mr. Najib is so concerned about provoking Muslim ethnic-Malay anger that he will slow down tentative overhauls of Malaysia's decades-old race-based affirmative-action policies. The program originally was designed to give a leg up to ethnic-Malay Malaysians by guaranteeing university placements and equity holdings in stock market-listed companies, but many economists see it as a drag on Malaysia's economic growth. Mr. Najib says he plans to push more liberalization to encourage investment.

"You've now got to ask whether there will be more reforms," Tim Condon, a senior Asia economist with ING in Singapore.

Mr. Anwar says he is committed to ending the country's affirmative-action agenda and replace it with a program for all Malaysians who need help. "There's been a failure of Muslims across the world to promote freedom and human rights, and not to allow our discourse to be hijacked by fringe fanatics," Mr. Anwar said in a recent interview with The Wall Street Journal at his People's Justice Party headquarters in Kuala Lumpur. "Now, more people appear to be listening."

WSJ.com

Online today: See a timeline of Malaysian opposition leader Anwar Ibrahim's ups and downs at **asia.WSJ.com**

REMEMBRANCES | Iskandar Ismail: 1932-2010

Sultan's common touch

By James Hookway

Iskandar Ismail, the sultan of Johor, embodied the contradictions that make up modern-day Malaysia.

The sultan, who died Jan. 22 at the age of 77, was loved by many of his subjects in the southern state of Johor, just across the narrow straits from Singapore.

He had a common touch, rare among members Malaysia's nine royal houses. He often walked freely in the streets, paying for everyday goods in corner shops with cash from his own wallet, and delivering impromptu sermons at local mosques on Friday afternoons. He was the driving force behind a new, multibillion-dollar free-trade zone in the area that carries his name.

Years before, though, tales of Sultan Iskandar's wild behavior nearly brought Malaysia's privileged sultanates to their knees.

In 1977, while a prince, Sultan Iskandar shot and killed a man he said he mistook for a smuggler. He was sentenced to six months in prison before his father, then the sultan, pardoned him. In 1993, after serving five years as Malaysia's king under a system that rotates the monarch among the country's sultanates, he became embroiled in another scandal that led to Malaysia's parliament rolling back the royal houses' special powers and legal immunity. The upheaval began with allegations that Sultan Iskandar summoned the coach of the Johor hockey team to his royal palace after he disobeyed instructions from the sultan's son in a hotly contested match. The coach, Douglas Gomez, then said the sultan badly beat him.

Bloomberg News

Sultan Iskandar Ismail in 2006.

The late sultan's secretary said he never responded to the allegations. But the claims provided valuable ammunition to Malaysia's then-prime minister, Mahathir Mohamad, who analysts say was concerned by way Malaysia's sultans might veto his government's powers.

Legislators began exposing the alleged misdeeds of other sultans, creating a constitutional crisis. The stalemate was broken when then-king, Sultan Azlan Shah of Perak state, agreed to accept a law limiting the sultans' immunity.

Sultan Iskandar appeared to mellow in later life, spending much of his time pursuing his interests in motorcycling and polo. However, he continued to be an occasional irritant to Malaysia's prime ministers.

In 2006, when the sultan was inaugurating the Iskandar Malaysia free-trade zone designed to lure more international investment, he surprised the assembled dignitaries by putting on a T-shirt and declaring he wouldn't "give face" to foreigners, describing them as "vultures" and warning his subjects of their "dirty ways."

He was buried Jan. 23 in accordance with Islamic tradition. The funeral procession was accompanied by a 77-gun salute. His eldest son was proclaimed Johor's new sultan.

Terror suspects held in Malaysia

By James Hookway

A group of 10 terrorist suspects were detained recently by Malaysian authorities, including a local Syrian Muslim preacher, a man arrested with the group but later released said on Thursday.

Officials announced the detentions under Malaysia's Internal Security Act on Wednesday, saying only that the detainees were suspected of links with international militant groups and represented a serious security threat. On Thursday, Home Secretary Hishammuddin Hussein declined to identify the suspects or to comment further on whether they already had planned or carried out terrorist attacks, saying that disclosing such information could endanger the continuing investigation.

Mr. Hishammuddin also declined to confirm or deny a report Thursday in the New Straits Times newspaper, owned by the ruling party, that stated the 10 suspects were tied to Umar Farouk Abdulmutallab, the Nigerian national who allegedly tried to explode a bomb on a Northwest Airlines flight to Detroit on Dec. 25. The report didn't cite a source for the information.

The witness, a Malaysian named Yunus Abidin, said he was part of a group of about 50 people who attended religious classes led by Syrian national Aiman al Dakkak, a 50-year-old preacher who has been living in Malaysia since 2003. Mr. Yunus said that Mr. Dakkak taught international students from various countries—including Syria, Jordan, Saudi Arabia and Nigeria—in his rented house on the outskirts of Kuala Lumpur, and that armed police detained the 50, including Mr. Dakkak, on Jan. 21, Reuters news agency reported. Other details about Mr. Dakkak and his teachings remained sketchy.

Mr. Yunus, speaking at a news conference in Kuala Lumpur organized by a lobby group opposed to Malaysia's Internal Security Act, said he was released early on Jan. 22, but that 10 others, including Mr. Dakkak, remain in custody. Mr. Yunus said the detainees include one Malaysian, four Syrians, two Nigerians, a Yemen national and a Jordanian.

Malaysia, which is mostly Muslim, has used its tough security laws before, which allow for detention without trial, to round up suspected terrorists. In the past several years, about 100 suspected militants from the al Qaeda-linked Jemaah Islamiyah—the group behind the 2002 Bali bombing in Indonesia that killed 202 people—have been detained in the country. The majority of them have been released without charge after rehabilitation.

—Celine Fernandez contributed to this article.

DAVOS 2010: WORLD ECONOMIC FORUM

China to stay course, with flexibility

By Shen Hong

DAVOS, Switzerland—Chinese Vice Premier Li Keqiang said China will maintain its existing economic policies this year but will increase policy flexibility to manage inflation expectations.

Speaking Thursday at the World Economic Forum here, Mr. Li said that while China's economy faces a complex environment this year, its long-term upward trajectory remains intact despite the recent global crisis.

The speech marked the highest-profile international appearance for Mr. Li, who is widely considered to be in line to succeed Premier Wen Jiabao. While he addressed issues ranging from domestic economic reforms to global governance, Mr. Li avoided sensitive topics such as the yuan's value and growing trade frictions between China and the U.S.

Mr. Li said that to achieve more sustainable economic growth, his government needs to strike a balance among promoting fast growth, readjusting economic structure and properly managing inflation risks.

Mr. Li noted that China's consumer prices have started rising again, but said Beijing will continue its proactive fiscal policy and moderately easy monetary policy, the government's standard language for its efforts to pump the economy with generous lending. Mr. Li said Beijing needs to make such policies "better targeted and more flexible in response to new circumstances."

Mr. Li's comments are mostly a reiteration of Beijing's current assessment of its economy, but the reference to inflation and policy flexibility highlights the authorities' subtle shift toward a slightly tighter monetary policy.

China's resurgent growth is in part a product of the government's massive stimulus package, mainly supported by record levels of lending by state banks last year. China's gross domestic product expanded 10.7% in the fourth quarter from a year earlier, bringing full-year growth to 8.7%. That came in above the government's targeted 8% growth and well above many economists' estimates.

Underscoring the inflation risks posed by last year's credit surge, consumer prices in December rose 1.9% from a year earlier, accelerating sharply from the 0.6% rise in November, which followed nine months of declines.

Showing growing concerns over rising inflation pressure, China has in recent weeks moved to withdraw liquidity from the financial system. In recent days, state-owned banks have been instructed to temporarily suspend lending. The moves have sent jitters around international markets since China has become the engine of growth for a still-struggling global economy.

Commenting on China's growth model, Mr. Li suggested the country needs to look inward. "China's domestic market has huge potential," Mr. Li said. "We will strive to expand domestic demand, especially consumer demand."

Addressing a largely Western audience, Mr. Li also said China will remain committed to further opening up its economy and market, describing different nations as "passengers on the same boat."

Agence France-Presse/Getty Images

Vice premier Li Keqiang in Davos

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DAVOS 2010: WORLD ECONOMIC FORUM

Asia signals tightening trend

Central banks won't wait for Fed to act as inflation threat grows; the wild card: China

By Alex Frangos

HONG KONG—The reordered global economic landscape is creating unique problems for Asian policy makers in the fight against inflation.

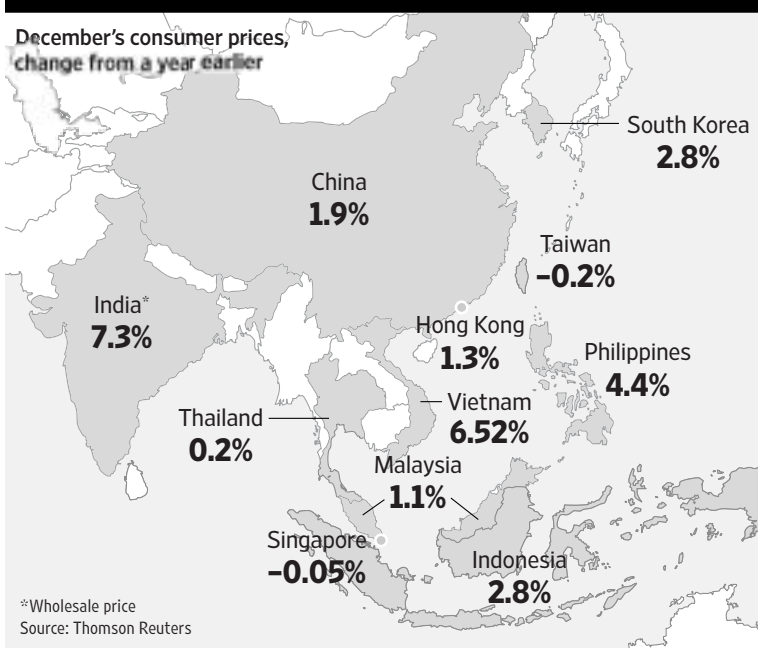
Several Asian central banks meet this week to decide interest-rate policy and are facing challenges they haven't had to deal with in the past. Asia has traditionally waited for the U.S. Federal Reserve to act before tightening or loosening its own monetary policy. But this time, Asia can't wait. The Fed isn't expected to significantly tighten money supply until later this year, even as growth here has picked up and prices are pushing higher. That mismatch has the potential to drive up local currencies.

And because the most influential economy, China, currently pegs its currency to the U.S. dollar, its neighbors risk making their exporters less competitive against China's when they raise interest rates and their currencies appreciate. Stronger currencies make export goods more expensive on the world market. That could keep policy makers from raising rates as high or quickly as they otherwise should.

"This time is really different," says Jong-Wah Lee, chief economist for the Asian Development Bank.

The Reserve Bank of India meets Friday and is expected to address inflation worries with some measure of monetary tightening. On Thursday, the Philippine central bank kept its benchmark rate unchanged, but tweaked a separate lending facility and signaled that its tightening cycle has begun. Malaysia's central bank on Tuesday also kept rates steady, and warned of "financial imbalances that could arise from interest rates being too low for a prolonged period of time."

Inflation returns to Asia



Indonesia's top central banker noted the challenges in a speech on Jan. 22. Indonesia's recovery will "depend on the success of various exit policies in major countries as well as in Indonesian trading partners," said Darmin Nasution. In the oblique language of central bankers, "major countries" refers to the U.S., Europe and Japan. "Trading partners" is a reference to, among others, China.

"We need to step out of the shadow of the Fed, which is easier said than done," says Frederic Neumann, economist for HSBC in Hong Kong. He estimates central banks in the region need to raise rates by 2.5 percentage points this year, far above what many investors are expecting. "This is a long way to go without the Fed," he says.

Acting alone, though, carries risks. As U.S. rates stay near zero, each tick upward in Asian rates attracts more investors seeking higher yields. Those inflows of capital send currencies higher, making exporters less competitive. It can also spark asset bubbles, exacerbating the inflation that rate increases are meant to combat.

To stem the currency increases, economies such as South Korea, Taiwan and Thailand intervene in foreign-exchange markets by buying dollars, which can get expensive. Central banks issue local-currency bonds to "mop up" the liquidity created when they buy dollars with newly created local currency. For example, if a central bank holds its dollars in Treasurys, which yield less than 1%, but has to pay out interest on the mop-up bonds at 4%, the bank's balance sheet suffers.

"The risk is you keep interest rates too low," says Robert Subbaraman, economist for Nomura in Hong Kong. He figures most economies in developing Asia will be running negative real interest rates by the end of the year, meaning inflation will be higher than benchmark rates, a bad sign for inflation fighting.

There is one country that is freer than its Asian neighbors to tighten policy: China. It has strict foreign-exchange controls and has kept its currency pegged to the dollar since mid-2008. This month, China started to tighten credit, but other Asian countries can't follow suit without risking a rise in their currencies, making goods produced in their countries more expensive compared with goods made in China.

That has China's neighbors keeping a close eye on its currency policy. "If China shows a willingness to do something there is an easy solution," says Sanjay Mathur, economist for RBS in Singapore.

That "something" is to let its currency strengthen, something economists expect to happen to some degree over the course of the year.

Greece denies bailout discussion

By Rebecca Blumenstein And Marcus Walker

DAVOS, Switzerland—Greek Finance Minister George Papaconstantinou said he hasn't held any discussions with other European governments or the International Monetary Fund about a bailout.

Greece is facing increasing skepticism from financial markets about its ability to raise the €54 billion ($75.72 billion) it needs in 2010 to finance this year's budget deficit and the country's maturing debts.

This week, yields of Greek government bonds have risen to record levels compared with benchmark German bonds.

Mr. Papaconstantinou said Thursday the country will get its own house in order, dismissing the widespread speculation in financial markets about whether Greece might have to go cap in hand to the European Union or IMF. "There is no Plan B in terms of bailouts," he said.

"We have not talked to China and no investment bank has a mandate from us to talk to China," Mr. Papaconstantinou said in an interview.

Greece's government is trying to slash a budget deficit that reached about 12.7% of gross domestic product last year, pushing total public debt to 113% of GDP and triggering fears the country could go bust. That could set off a fiscal crisis in other struggling countries in the euro zone, European officials fear.

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[Davos Dispatches]

From Russia with love

They might have left the conference hall with President Nicolas Sarkozy's chastisement ringing in their ears, but Davos's beleaguered banker brigade still have some cheerleaders.

Take Alexander Izosimov, longtime CEO of Russian mobile-phone giant **Vimpelcom**, who is due to take charge of a new, expanded company merging Vimpelcom's operations from Ukraine and Russia to Central Asia and Indochina. It was bankers who got Vimpelcom's shares listed on the New York Stock Exchange, and bankers who enabled it to borrow billions of dollars for continuous upgrades and expansions of its mobile networks across 11 time zones (all serviced from a balance sheet of exemplary strength). Moreover, those independent shareholders and bondholders created an external discipline on Vimpelcom's two warring core shareholders, ultimately pressuring them to reach a settlement that—according to many Russian precedents—could have been far less civil and far more destructive, had there only been private interests at stake.

"I would be petrified by more regulation, I think there's a huge chance of it backfiring," he says. "People have to understand that excessive regulation is going to lead to far higher costs of capital and slower growth. One day the world will return to growth and will need the banking system—and it won't be there."

Now if that's not worth a few basis points for a loyalty bonus when the new Vimpelcom returns to the bond markets, then bankers really do deserve Mr. Sarkozy's fire and brimstone to be visited on them.

—Geoffrey Smith

Down but not out

Spinning through the halls of the Davos conference center there's a persistent question: What's the mood?

Ross Perot Jr. asked the question, then answered it: "Better than last year."

"Everyone has become conditioned to the environment," Mr. Perot says. "They have their game face on."

And any bankers who beg to differ could probably do with some time with Mr. Perot—he readily jumped to the defense (perhaps not so surprisingly) of the world's financiers.

The technology executive and son of former presidential candidate Ross Perot Sr. points out that **J.P. Morgan Chase**'s Jamie Dimon and **Goldman Sachs Group**'s Lloyd Blankfein (both notable absentees this year) did an admirable job of steering their way around the crisis.

"I would not punish the bankers like J.P. Morgan and Goldman," Mr. Perot says. "Both J.P. Morgan and Goldman have paid the government back so they shouldn't be punished."

And there's a simple solution for shareholders angry about any excess. "If shareholders don't like the salaries, don't buy the stock."

—Emma Moody

Watching the watchers

With all the talk of financial regulation at Davos, the name of the Financial Stability Board comes up a lot. This institution, headed by Mario Draghi, Bank of Italy governor, is like a college of regulatory cardinals meant to set guidelines to better avoid crisis in the financial markets.

One item on its agenda is the question of transparency as a way of improving investors' understanding of complex financial instruments and preventing future disasters of the sub-prime variety.

An international pressure group called Transparency International, which campaigns against global corruption, is calling for a bit of transparency from the FSB itself.

—Stephen Fidler

In Washington, little hope for change

[Capital Journal]

By Gerald F. Seib

In perhaps the most memorable line from his State of the Union address, President Barack Obama told members of Congress that Washington suffers from a "deficit of trust" with voters.

He understated the case. "Crisis of confidence" would be closer to the truth.

It's becoming increasingly clear that one of the results of the economic meltdown has been a parallel meltdown in the public's confidence that their bickering, partisan leaders in Washington can come together to deal with it, or with much of anything. When Americans were asked in a Wall Street Journal/NBC News poll this week to describe their view of the federal government, 70% agreed the government is either unhealthy or in need of large reform. That's up from 43% who felt that way just after President George W. Bush's election.

Worse yet, there is little reason so far—despite Mr. Obama's pleas Wednesday night for bipartisanship, his subtle suggestions that Republicans will share the blame if things turn out badly, or his offer to meet Republican leaders regularly—to think this year will do much to change the situation. A better bet is that dysfunction will grow.

The message Americans are sending "is a big one, and the message is we hate what's going on in Washington," says Peter Hart, the veteran Democratic pollster who conducts the Journal/NBC News survey with Republican Bill McInturff.

In fact, Mr. Hart thinks that's how most Americans interpreted the outcome of the recent Massachusetts Senate election, in which voters took the late Ted Kennedy's seat from Democrats and handed it to Scott Brown, a fresh Republican face. In the new poll, Americans were asked what message that vote sent, and half said they saw it as a message to the capital city. "To the degree they could send a message out of Massachusetts," Mr. Hart notes, "it wasn't a message to Obama. It was a message about what's going on in Washington."

Mr. Obama, of course, came to office famously promising to change how Washington works. On Wednesday night, he ruefully acknowledged he's failed to make that happen.

In finest Washington fashion, it's possible to spend a lot of time dwelling on who is to blame for this failure—Mr. Obama for not trying hard enough, or House Democrats for pushing policies too far to the left, or Republicans for being the party of no.

The better answer lies in the culture of the capital, where every problem is seen less as an issue to be resolved than a tool to improve political position; in which every position taken by a leader of either party is automatically and mindlessly assailed by the other side's political-attack machines; and in which lawmakers willing to negotiate a compromise are assailed by their own party's activists as spineless.

This culture makes a retreat to partisan corners the safest route in any controversy. Two examples: Last fall, Mr. Obama, in a nod toward a top Republican priority, opened the door to including in the big health-overhaul plan some steps toward stemming the rash of medical-malpractice suits that drive up health costs. His party conspicuously closed the door.

Second example: This week the Senate defeated a bill to create a bipartisan commission that would compose a plan to reduce the mammoth budget deficit, which the full Congress would have to accept or reject in a simple vote. Six Republican senators who co-sponsored the bill initially reversed course and actually voted against it. They were under pressure from party leaders not to support anything that might lead to a tax increase in an election year.

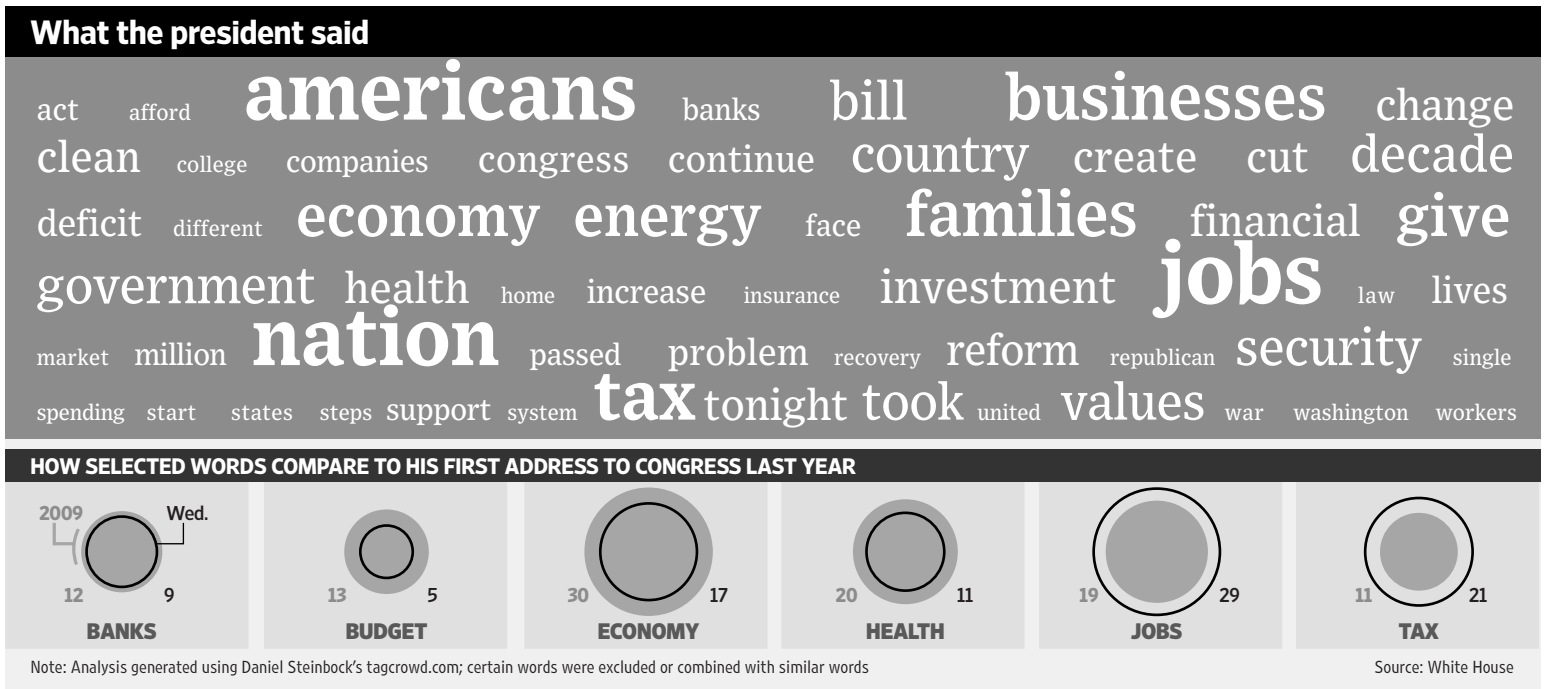
But all that may be less important than the question of whether there's any chance the arc of Washington's dysfunction will change this year. On that front, the grounds for optimism are decidedly limited.

The two best routes for getting something done in Washington are power and persuasion: Accumulate enough power to push solutions into place, or be persuasive enough to win over lawmakers and the public.

On the power front, despite big Democratic majorities in both houses, the party didn't have enough power to push through its highest priority in 2009—that big health bill. Now, the loss of that Massachusetts Senate seat means Democrats have lost their super-majority needed to stop filibusters. The party in power suffers from a power shortage.

Moreover, this erosion of Democratic power may leave Republicans even less motivated to compromise. They will be tempted to simply sit tight until they see whether they can win back control of at least one house of Congress in this fall's elections.

That leaves persuasion. Some thought Mr. Obama was sufficiently eloquent and persuasive to bridge partisan divides and convince each side to make the compromises necessary for progress. And while he is indeed eloquent, that clearly isn't enough. Ultimately, voters themselves may need to figure out how to send a stronger message that they do, indeed, want change.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Source: White House

Foreign ministers weigh Afghan exit timing in talks

LONDON—Afghan President Hamid Karzai said foreign troops may be in his country for up to a decade, providing a sober launch to a London conference meant to kick-start the transition of the country's security to Afghan troops from foreign ones.

*By **Alistair MacDonald**, **Matthew Rosenberg** and **Jay Solomon***

Facing what they believe is a make-or-break year in Afghanistan, international leaders are meeting here to bolster Afghanistan's ability to police itself and develop and rid its economy of corruption.

In an interview with the British Broadcasting Corp., Mr. Karzai said training and equipping Afghan troops could take five to 10 years and that the international community may have to financially support the Afghan army for 10 to 15 years.

Mr. Karzai reassured the West in his inauguration address in November that Afghan security forces would take charge of the nation's security within five years, a claim he repeated in his conference address on Thursday.

North Atlantic Treaty Organization officials quickly attempted to temper Mr. Karzai's remarks. Maj. Gen. William C. Mayville, deputy chief of staff for strategy, plans and assessment for the NATO-led International Security Assistance Force, said the timeline laid out by Mr. Karzai reflects how long it will take Afghanistan to develop the kind of fully formed military that can fill everything from battlefield-maneuver units to more ordinary jobs, like back-office logistics work and embassy defense attaché posts.

"We don't want to confuse that with the current fight," he said in an interview on the sidelines of the conference. "Right now, we're going to get these guys to the point where they can fight [by] themselves."

That effort should start yielding results as early as the last quarter of 2011, when U.S. and Afghan officials are aiming to have about 171,000 Afghan soldiers trained, Maj. Gen. Mayville said. He added that some Afghan units—such as the commando forces—are already in fighting shape.

Some Western diplomats fear that Mr. Karzai wants to prolong the foreign troop involvement for as long as possible and is working behind the scenes to do so.

British Prime Minister Gordon Brown opened the conference by saying that NATO has to "turn the tide" in the fight against the insurgency by the middle of next year, echoing comments made by U.S. President Barack Obama last month.

Mr. Brown said the conference will "agree the necessary conditions under which we can begin—district by district and province by province—the process for transferring responsibility for security from international forces to Afghan forces." British officials have said, however, that exact provinces and dates won't be named.

Mr. Brown said the conference would set a target for Afghanistan to increase its military to 134,000 by October 2010 and 171,600 by October 2011, with police numbers reaching 134,000 by October 2011.

This would leave Afghan security forces at 300,000, below the 400,000 both the Americans and Afghans have privately said are needed.

Thursday's meeting, attended by foreign ministers from more than 60 countries and representatives of bodies such as the United Nations, aims to back Mr. Karzai's promises to fight corruption, secure stronger governance, improve economic development, reach out to Afghanistan's neighbors, and begin a reintegration program for moderate Taliban.

The conference will announce details of what Mr. Brown calls an "international trust fund" that will offer money for alternative careers and land. The Taliban said no talks would be possible until foreign forces had left Afghanistan.

In return for good behavior, Mr. Brown delivered promises of funds to train 12,000 Afghan civil servants by the end of 2011 and to increase the amount of aid that goes through Afghan government offices by 50%.

Overall international aid to Afghanistan in the latest financial year was $6.3 billion—making up 45% of Afghan gross domestic product.

Mr. Karzai promised to make fighting corruption the "key focus" of his second term and promised the creation of an independent office of oversight and an international monitoring group of experts to provide reports on his progress on issues such as fighting corruption.

But Mr. Karzai had some demands of his own. Among them: bringing under Afghan control outside security contractors and letting Afghans lead the nighttime raids foreign troops use to search homes.

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Staying the Course

So much for all of that Washington talk about a midcourse change of political direction. If President Obama took any lesson from his party's recent drubbing in Massachusetts, and its decline in the polls, it seems to be that he should keep doing what he's been doing, only with a little more humility, and a touch more bipartisanship.

That's our reading of Wednesday night's lengthy State of the Union address, which mostly repackaged the President's first-year agenda in more modest political wrapping. "Our administration has had some political setbacks this year, and some of them were deserved," he said, in his most notable grace note.

He also showed more willingness to engage with Republicans than he or his party have shown during the last year of bending to the left on Capitol Hill. But whether this outreach is anything more than rhetoric will depend on a change of policy. And on that score, we heard mostly what Democrats used to say about George W. Bush and Iraq: Stay the course.

That was especially true on the two most important domestic issues of his Presidency—health care and the economy.

> The same agenda in more humble clothes.

On health care, Mr. Obama offered a Willy Loman-esque soliloquy on his year-long effort, as if his bill's underlying virtues and his own hard work haven't been truly appreciated by the American public. He showed no particular willingness to compromise, save for a claim that he was open to other ideas.

And he re-pitched the health bill now in Congress with the same contradiction—covers more people but saves money too—that all but the most devoted partisans long ago dismissed as unbelievable. The President sounded to us like a man who is still hoping Democrats will find a way to sneak this monstrosity into law despite its unpopularity.

Mr. Obama's economic pitch also differed little from last year, when the jobless rate was 7.2%. He offered a spirited defense of the stimulus, though the jobless rate is now 10%, and he promised more of the same this year, especially on "green jobs." He also offered some minor if welcome tax cuts for small business, and $30 billion in handouts for "community banks" to be able to lend more.

Yet at the same time, he couldn't resist more banker baiting, and he promised that he's determined to see tax rates rise for millions of Americans next year when the Bush rates are set to expire. He also pushed more exports while saying he'll raise taxes on some of our biggest exporters, otherwise known as multinationals that "ship our jobs overseas." Mr. Obama believes he can conjure jobs and a durable expansion from the private sector while waging political war on its animal spirits. It can't be done.

This reflects a larger problem, which is his belief that economic growth springs mainly from the genius of government. Thus Mr. Obama presented a vision of an economy soaring to new heights on "high-speed railroad" and "clean energy facilities" and 1,000 people making solar panels in California. He seems not to appreciate that what really drives growth are the millions of risks taken each day by millions of individuals, far from the politicking and earmarks of Congress or the Department of Energy.

Many of the President's opponents will welcome this failure to change because they sense partisan opportunity. But our guess is most Americans will be disappointed because they sense a Presidency that began with such promise but now finds itself at a crossroads and doesn't really know what to do—except to stay on the same road that got it into trouble. This could be a long year.

Sri Lanka's Time for Choosing

When Sri Lankan President Mahinda Rajapaksa junked a cease-fire with his country's Tamil Tiger insurgents in January 2008 and ramped up the military fight against the terrorist group, these columns called the move "Rajapaksa's big bet." That bet paid off in May 2009 when the army routed the Tigers, giving the country its best shot at peace in 26 years. Now, with both that win and a handy electoral mandate under his belt, the president faces Rajapaksa's Big Choice: What kind of a country will Sri Lanka become?

> Rajapaksa's re-election puts the onus on him to rebuild the country.

After Mr. Rajapaksa's election win Tuesday, it really is up to him. He won 58% of the vote, a much wider than expected 18-point margin over challenger Sarath Fonseka—the recently retired general who won the war against the Tigers. It was far from a perfect poll, which is unfortunately the norm in Sri Lanka; the campaign was marred by low-level violence and the opposition complained state-owned media heavily favored the incumbent. But by most accounts, the charismatic Mr. Rajapaksa simply outcampaigned the general on the stump.

Despite its flaws, the election has brought some benefits. Most importantly, the two Sinhalese candidates found themselves competing for Tamil votes. Mr. Fonseka went furthest, winning the support of the Tamil National Alliance, the largest Tamil party. That forced Mr. Rajapaksa to court Tamils himself. One modest result: December's liberalization of rules governing Tamil refugees coming and going from their camps. Electoral politics became a counter for Sinhalese ethnic chauvinism.

Mr. Rajapaksa's first decision now that he has won re-election will be whether to continue on a similar tack. Signs are that he will. In recent months Colombo has poured money into fixing or building the battered or nonexistent infrastructure in the Northern and Eastern areas once controlled by the Tigers. The president pledged to continue this during the election, and appears to be sincere despite his Sinhalese nationalist routes.

Yet he has been much less enthusiastic when it comes to political compromises that would address the decades-old legitimate grievances of moderate Tamils, such as preferences for Sinhalese in university admissions or government hiring. Devolution is an oft-cited solution for these problems, but Mr. Rajapaksa has dragged his feet implementing constitutional amendments that would shift power out of Colombo. During the campaign he presented economic development as a substitute for, not a complement to, political reforms.

Mahinda Rajapaksa

Whether that's an acceptable trade-off is ultimately a decision for Sri Lankan voters, in parliamentary elections due by April or in future presidential races. It may take years of trial and error and political compromise to get the formula right.

Which is where Mr. Rajapaksa's second, and more important, choice will come. He must decide—soon—whether Sri Lanka will develop a political system capable of making that kind of decision short of war. That means a democracy with a free press and a healthy opposition.

On this score already there are worrying signs. Press freedom is the obvious example. The war was often cited as a reason for harassing opposition reporters and editors; the murder of one prominent journalist, Lasantha Wickrematunga, remains unsolved one year on. Reporters Without Borders noted some opposition Web sites were blocked in the days before the election. If Mr. Rajapaksa doesn't act to improve this situation, he will stifle precisely the kind of open discussion Sri Lankans need to settle their differences peacefully.

With his country at peace for the first time in a generation and his electoral mandate secure, Mr. Rajapaksa has a unique opportunity to put Sri Lanka on course for stability and prosperity. Now he has to choose whether to seize that chance.

The Hatoyama Drift

Prime Minister Yukio Hatoyama says he wants to "rebalance" the U.S.-Japan defense alliance, but hasn't said how. Now, his lack of leadership is starting to create widening political rifts back home.

On Sunday the tiny town of Nago, Okinawa elected a mayor, Susumu Inamine, who wants to ditch a 2006 U.S.-Japan rebasing agreement to build a new air base on reclaimed land off the coast. Mr. Inamine doesn't have a formal veto over this national issue; Mr. Hatoyama will make the final decision. But his election still throws a wrench into an already tense bilateral relationship.

For that, Mr. Hatoyama has only himself to blame. Since taking office his administration has tried to appease both supporters of the rebasing plan and its opponents, who include several minority coalition partners. In Hawaii earlier this month, Foreign Minister Katsuya Okada told Secretary of State Hillary Clinton that "we must . . . further deepen this alliance" and announced new bilateral "consultations."

> Okinawa's local election fallout shows the danger of wobbly leadership.

Mr. Hatoyama promised in December to deliver a decision soon, and now says he will decide in May. On Monday, he said the Nago election reflected the "will of the people" and that the government committee examining rebasing will "start from scratch."

The longer the prime minister wavers, the more incentive minority parties and local Okinawans have to dig in their heels and demand further concessions. And the more Japan's ordinary citizens will worry that the U.S.-Japan security alliance is at risk, the more they'll lose confidence in their national leaders. Mr. Hatoyama's approval ratings are already hovering around 45%, and falling.

Honoring the original agreement would benefit both countries. The U.S. would get a new air base, the unpopular airbase in Ginowan would close, and the people of Okinawa would end up hosting fewer troops as 8,000 U.S. soldiers move to Guam. If the agreement doesn't go through Okinawa will be left with the status quo.

While it's true that Okinawans sometimes have a tense relationship with the troops they host, much of that tension is directed not at the U.S. but at Tokyo, whom they feel unfairly saddles them with the defense burden. Refusing to stand behind the agreement on Okinawa endangers Japan's relationship with the U.S., but it also undermines Mr. Hatoyama's credibility as a leader. That's a lesson the DPJ is learning the hard way.

OPINION

The State of the Union Is No 'Reset' Button

By Karl Rove

It was a tense moment in the West Wing. Less than a year into a new president's term, a Senate seat was slipping to the opposition and taking with it the balance of power in the upper chamber. The president's agenda was suddenly at risk.

If this sounds like Republican Scott Brown's upset victory in Massachusetts last week, it was actually Vermont Sen. Jim Jeffords's defection in 2001. Mr. Jeffords's decision to bolt the party cost the GOP not the 60th vote, but a razor-thin majority. Yet following the defection, George W. Bush passed his signature tax-cut package, No Child Left Behind education reform, and a budget that cut in half the growth of discretionary domestic spending from the sizzling 16% rate of President Bill Clinton's last budget.

As congressional Democrats back away—for now—from Mr. Obama's health-care agenda, it is worth asking if this president's agenda is really aligned with what Americans want. This was supposed to be a historic presidency. But if it's undone by the loss of the 60th Senate Democrat, was Mr. Obama actually prepared for the challenges of governing?

The Massachusetts defeat, Mr. Obama said on Sunday on ABC's "This Week," caused him "to try to reset the tone" in his State of the Union address because "we had lost some of that sense of common cause that existed a year ago."

Presidential ratings usually drop after the speech.

But that "sense of common cause" wasn't lost. It was abandoned when Mr. Obama attempted to do things he hadn't prepared Americans for, such as a government takeover of health care, and when he failed to revive the flagging economy.

Now Mr. Obama wants to hit the reset button with his State of the Union address. But since World War II, presidential job approval ratings have dropped an average of 1.8 points after a president's first State of the Union speech. Over the past 25 years, presidents have experienced virtually no change—an average drop of 0.1 points in Gallup's job approval ratings—after giving a State of the Union address. That indicates that Wednesday night's teleprompter special is unlikely to stop Mr. Obama's decline.

Mr. Obama entered 2010 with 49% job approval, according to Gallup. That's down from 67% last January. Those who strongly disapprove of his performance outnumber those who strongly approve by 41% to 26%, according to Rasmussen's latest poll.

Mr. Obama's slide over the past year has been led by independents (whose support is down 17 points since last January), seniors (down 19 points), those making $60,000 to $90,000 a year (down 19 points), Republicans (down 23 points) and conservatives (down 24 points).

On the generic ballot, a measure of party strength, Republicans lead Democrats by five points in National Public Radio's latest poll and by eight points in Rasmussen's latest survey.

These numbers are worse than Democrats faced at this point in 1994. If Democrats fare better this year than they did 16 years ago, it will likely only be because they have fewer open seats to defend and because they are taking their challengers more seriously than they did in 1994.

One of Mr. Obama's first reactions to last week's Massachusetts debacle was to install his 2008 campaign manager as an über-election czar for Democrats. But the White House tried to boost Democrats running for governor in New Jersey and Virginia last year. They lost anyway.

Barack Obama

It probably didn't help Democratic morale when the White House complained it was blindsided by Mr. Brown's victory. Politico reports the White House had the Democratic Party spend $2.2 million on surveys and focus groups in just a 10-month span last year. That money was supposed to let Team Obama see these things coming.

Mr. Obama's problems are not political management, but policy. They won't be solved by faux fiscal restraint, mini-ball proposals for the middle class, and angry pretensions to populism.

By his own Office of Management and Budget numbers, Mr. Obama has raised the baseline of discretionary domestic spending by a total of $115 billion since his inauguration, bumping it up midway through the 2009 fiscal year budget and then increasing it again for the 2010 fiscal year.

Mr. Obama is now calling for a spending freeze to save $15 billion for fiscal year 2011. That's nice, but it freezes in place a 24% increase in discretionary, nonsecurity domestic spending. The president would also exempt from a freeze the $512 billion that has yet to be spent from last year's stimulus package. To present such a proposal as a serious attempt at restraining spending is to reveal a low opinion of the intelligence of ordinary Americans.

Mr. Obama has squandered the "sense of common cause" he talked about on Sunday that many felt at his inauguration. In the week leading up to his State of the Union, he did little to rekindle that spirit or reverse his sinking fortunes.

Mr. Rove, the former senior adviser and deputy chief of staff to President George W. Bush, is the author of the forthcoming book "Courage and Consequence" (Threshold Editions).

Looking North

[Bookshelf]

The Cleanest Race
By B.R. Myers
(Melville House, 200 pages, $24.95)
Nothing to Envy
By Barbara Demick
(Spiegel & Grau, 314 pages, $26)

By Melanie Kirkpatrick

A South Korean professor of my acquaintance recently told me about a conference he attended in Beijing last year at which he met a North Korean scholar. The man from the North approached him to follow up on a statistic that the South Korean professor had cited about the growing number of South Koreans who marry foreigners. The North Korean was aghast. "They are diluting the purity of our race," he wailed.

The North Korean's comment would not have surprised B.R. Myers, the author of "The Cleanest Race: How North Koreans See Themselves—and Why It Matters." Mr. Myers is a professor at Dongseo University in South Korea, a contributing editor of The Atlantic and an occasional contributor to the editorial pages of this newspaper.

In attempting to understand North Korea, Mr. Myers argues, outsiders almost invariably get it wrong. The country's dominant ideology is not Communism or Stalinism or Marxist-Leninism. Nor is it Confucianism or even the regime's governing doctrine, called Juche Thought, usually translated as "self-reliance."

The real North Korean worldview, Mr. Myers notes, is based on a belief in the unique moral superiority of the Korean race. The closest analogy is the fervent nationalist ideology that governed prewar Japan and influenced North Korea's founding fathers. Having grown up in colonial Korea, they embraced Japan's propaganda methods after coming to power in 1948. Kim Il Sung, the founder of the Democratic People's Republic of Korea—the North's full name—even had himself photographed, Hirohito-like, astride a white stallion.

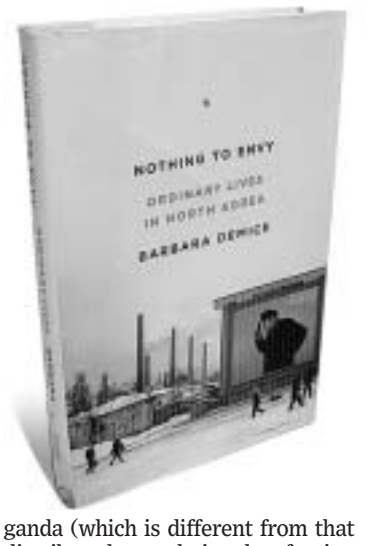
Mr. Myers's reading of the North's domestic propaganda takes a scary turn when he examines attitudes toward foreigners, especially Americans. Yankees are depicted a "an inherently evil race with which Koreans must forever be on hostile terms," he says. The prevailing view of Americans is as "jackals," a reference to a short story from 1951, in which U.S. missionaries murder a Korean child by injecting him with germs. Today, North Korean textbooks refer to Americans as animals with "paws" and "snouts." A popular saying teaches that, "just as a jackal cannot become a lamb, U.S. imperialists cannot change their rapacious nature."

Humanitarian aid, from Americans or others, is explained away as tribute from an inferior state or as reparations for past misdeeds. The 2008 visit of the New York Philharmonic to North Korea was depicted there as a gesture of respect for the regime. When former President Clinton went to the capital, Pyongyang, last summer to win the release of two detained American journalists, the official media made much of the deference and contrition that he supposedly showed to dictator Kim Jong Il.

As for nuclear talks between North Korea, the U.S. and other interested parties—negotiations now in their 15th year—Mr. Myers believes that Pyongyang keeps bargaining "not to defuse tensions, but to manage them." The country has no intention of giving up its nuclear program, he says, nor does it have any intention of making peace with the U.S. To do so would be political suicide: Reaching an accord with America would raise public expectations of an improvement in living standards, the reunification of the peninsula and everything else that Washington is now accused of preventing. Any sign of internal unrest, Mr. Myers predicts, will be met with a ratcheting up of friction with Washington and Seoul.

Might that include military action? The North couldn't win a war with the U.S. and South Korea, he says, but that doesn't mean it would not be foolish enough to try. The North's propaganda machine continues to call for a "blood reckoning" with its "eternal enemy."

Mr. Myers bases his analysis on a close reading of domestic propaganda (which is different from that distributed to and aimed at foreigners) and popular culture. The worldview he describes goes a long way toward explaining the erratic behavior and seemingly bizarre thought processes of Dear Leader Kim Jong Il. His outlook may well extend more broadly, to North Korea's leadership and other elites.



But what about the vast rest of the population? A reading of Barbara Demick's "Nothing to Envy," about the lives of "ordinary" North Koreans, indicates that many of them no longer buy into the regime's propaganda. The author, a reporter for the Los Angeles Times, profiles six North Koreans who are now living in the South. All survived the "Arduous March," the propaganda machine's name for the famine of the mid-1990s that killed perhaps as many as two million, or one-tenth of the North's population. All made the dangerous decision to flee their country and build new lives in South Korea.

Ms. Demick has written a deeply moving book. The personal stories are related with novelistic detail: a woman who watches her mother-in-law, husband and son die of starvation; a boy who ends up in a prison camp for the "crime" of having crossed the border to China to look for food; a university student who gains access to forbidden Western literature and learns that most of what he had been taught about the outside world is false.

"Nothing to Envy" depicts a society in chaos, where people have lost confidence in their government but don't yet have the will or the tools to rebel. Ms. Demick doesn't offer a view of what the future holds for the totalitarian regime that has oppressed North Koreans for six decades. But the growing discontent can't bode well for the regime's long-term health.

Ms. Kirkpatrick is a former deputy editor of the Journal's editorial page.

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IN DEPTH: THE TOYOTA RECALL

Toyota nears repair for faulty gas pedal

Continued from first page

cles in which the floor mats could get stuck under the gas pedal, potentially causing sudden acceleration. The company announced in November a series of measures including trimming the gas pedal and installing a new brake override system to solve that problem.

The "spacer" only addresses the sticky pedal issue that prompted the company's recall of 2.3 million vehicles last week.

The crisis facing Toyota deepened with the expansion of the recall to Europe and China, and comes as U.S. rivals **Ford Motor** Co. and **General Motors** Co. swooped in to entice customers away. Japanese rivals **Honda Motor** Co. and **Nissan Motor** Co. said they wouldn't follow, but their shares jumped in Tokyo Thursday on hopes they could benefit. Carlos Ghosn, chief executive of Nissan and **Renault** SA, said Thursday he expects competitors to gain from Toyota's problems.

Ford on Thursday said it has stopped production of a full-size commercial vehicle in China after discovering that the gas pedal it uses came from the supplier involved in the recall at Toyota. The production halt affects the diesel version of its full-size Transit Classic commercial vehicle Ford makes in China with one of its joint-venture partners, **Jiangling Motors** Corp., according to Ford spokesman Said Deep. The company said there have been no reports in China of Ford drivers experiencing uncontrolled acceleration.

Bloomberg News

Toyota is recalling RAV4 sport-utility vehicles in China that have a potential flaw in the accelerator pedal. Above, a Toyota factory in Tianjin, China.

The geographic reach and size of Toyota's recall has grown dramatically in recent days, raising questions about how many of its vehicles around the world could have possible defects that may cause unintended acceleration.

But unlike in the U.S. market, where production will be halted for at least a week, different parts already are being used in new vehicles in Europe and production will continue as normal, Toyota said.

"Toyota is making every effort to address this situation for our customers as quickly as possible," Toyota said in a statement.

Meanwhile, Toyota's China joint ventures will recall 75,552 RAV4 sport-utility vehicles starting Feb. 28 due to a potential flaw in the accelerator pedal, the Chinese quality watchdog said Thursday. The recall will apply to RAV4 vehicles made from March 19, 2009, through Jan. 25 by Tianjin FAW Toyota Motor Co., the Japanese car maker's joint venture with **China FAW Group** Co., the General Administration of Quality Supervision, Inspection and Quarantine said in a statement posted on its Web site.

The move came as Fitch Ratings, a credit ratings agency, placed Toyota's 'A+' debt rating—two notches below a perfect triple-A rating—on a "negative" ratings watch.

Jeong Min Pak, senior director in Fitch's Asia-Pacific Corporates team, said the recent recalls and sales suspension cast "a negative light on Toyota's reputation for quality...this could hamper the company's potential sales and profitability recovery, especially in the U.S. market."

Standard & Poor's and Moody's, rival ratings agencies, which have Toyota rated at double-A and "AA1" respectively, said they had no immediate plans to either downgrade Toyota's debt rating or put it under a ratings watch. But S&P added: "the suspension may put downward pressure on Toyota's earnings, which we believe have entered a recovery phase."

Investors seemed to conclude the same. The auto maker's stock price continued to slide Thursday, falling 3.9% in trading on the Tokyo Stock exchange. The company's stock has fallen 15% over the past five trading days, since news of the latest recalls began to spread.

The markets appear to see Toyota's pain as opportunity for rivals' gain. Nissan and Honda shares both closed up nearly 3% on Thursday, outperforming the broader Nikkei 225 benchmark average.

Even so, Toyota's two biggest Japanese rivals firmly ruled out Thursday offering incentives to take advantage of their peer's woes, as they hope to gain sales without calling attention to what could be seen as a broader slip in Japanese quality.

"We will not undertake any sales activities that expressly target Toyota customers in the U.S.," a Honda spokeswoman said. A Nissan spokesman also said the company wouldn't embark on any specific sales of marketing activities, despite the recall crisis facing Toyota.

That's a contrast with Ford and GM. Ford said it would offer new customers $1,000 cash to trade-in used or leased vehicles from Toyota, while GM detailed a similar program earlier Wednesday.

"Toyota is the standard-bearer for Japanese autos. If you are Honda and Nissan, it doesn't help to play it up because people would ask, 'Do all Japanese cars have problems?'" said Chris Richter, autos analyst at CLSA Asia Pacific Markets. "U.S. makers have faced decades of share erosion because of Japanese cars—now they have a chance to say, 'Japanese cars aren't as good, so buy America.'"

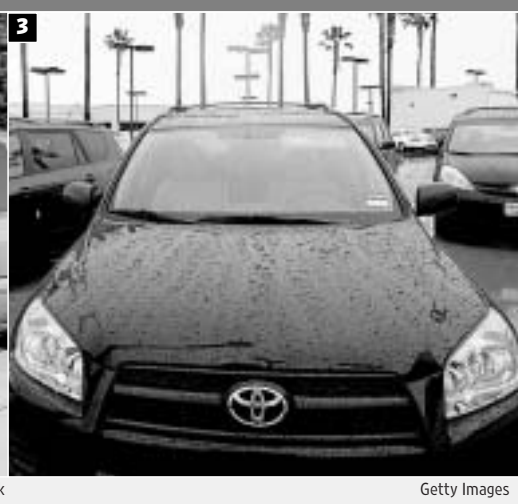
Meanwhile, the recalls slamming Toyota in the U.S., Europe and China don't appear likely to spread to its home market. The Japanese transportation ministry isn't yet considering a probe related to Toyota's recall. The ministry believes that the parts that have caused problems in the U.S. are made locally and aren't used in Toyota cars sold in Japan, said an official there, who asked not to be identified.

—Yuka Hayashi contributed to this article.

Car Trouble | Major U.S. automotive recalls

1 Reuters

2 Wieck



3 Getty Images

= 1 million vehicles recalled

May 1995
Potential number of vehicles affected:

Chrysler, GM, Honda, Isuzu, Nissan, Mazda, Mitsubishi, Subaru and **Suzuki** agree to replace or repair Takata **seat belts**. The companies notify owners of 1986-1991 models with seat belts whose release buttons have malfunctioned.

April 1996
Ford recalls close to 9 million vehicles with an **ignition switch** that could catch fire.

1 July 1998
GM recalls nearly one million **Chevrolet, Pontiac** and **Cadillac** cars after 130 people are injured by **air bags** bursting open for no apparent reason.

October 2000
A judge orders the recall of up to 1.7 million **Ford** vehicles sold in California. The order targets **ignition modules** installed on 29 models, primarily in the 1980s and early '90s because the vehicles were prone to stalling, especially when the engine was hot.

2 March 2004
The National Highway Traffic Safety Administration orders the recall of 2000 to 2004 **GMC Sierra** and **Chevy Silverado** pickup trucks, as well as 2002 to 2005 **Chevy Avalanche** and **Cadillac Escalades**, because the **steel tailgate support cables** could eventually break.

September 2005
Ford recalls pickup trucks and SUVs for a **cruise control switch** suspected of causing engine fires. In January 2005, the company recalls nearly 800,000 pickups and SUVs from the 2000 model year because of similar concerns.

October 2005
Toyota recalls about 1.4 million cars globally, including the **Corolla** and 15 other models, due to trouble with their **headlight switches**.

August 2006
Ford adds 1.2 million trucks, SUVs and vans to a recall based on concerns over engine fires caused by the **cruise control switch**.

September 2007
Ford recalls more pickup trucks, passenger cars and SUVs over the **cruise control switch**.

February 2008
NHTSA orders the recall of 12 million **Ford** vehicles for a defective **cruise control switch**.

September 2009
Some **Toyota** and **Lexus** vehicles recalled over **sudden acceleration concerns**. Owners are told to remove driver's side floor mats, which can stick under pedals.

October 2009
Ford adds older-model vehicles to the list of those recalled because a defective **cruise control switch**, pushing Ford's total recall due to faulty switches to 14.3 million vehicles.

3 January 2010
Toyota suspends U.S. sales of eight car and truck models to fix **sticking gas pedals** and recalls 2.3 million vehicles.

Sources: Associated Press; Wall Steet Journal reports; National Highway Traffic Safety Administration

IN DEPTH: THE TOYOTA RECALL

Quality questions grow in Japan

By Daisuke Wakabayashi And Miho Inada

TOKYO—**Toyota Motor** Corp.'s massive recall comes at a time when Japanese manufacturers across the board, known for their attention to detail and craftsmanship, are facing a sharp spike in customer complaints, accident reports and product recalls at home.

The number of incidents rose dramatically after the introduction of a new law in 2007 requiring Japanese companies for the first time to report all accidents involving their products that result in death or major injury. In the past, it was left to the company's discretion to disclose accidents. A series of high-profile product safety scandals spurred a change in regulation.

It is unclear how much of the jump also flows from a decline in the quality of Japanese manufacturing as companies look for ways to slash costs and compete globally.

Any tarnish on Japan's manufacturing prowess is especially touchy, because of the country's obsession with "monozukuri," literally translated as "making things." It is a source of national pride and a spirit of craftsmanship widely credited for the post-war success of Japan's biggest companies including Toyota, **Sony** Corp. and **Panasonic** Corp.

Considered for years the gold standard of automobile quality, Toyota dealt a blow to Japan's monozukuri image by halting sales and production of eight models sold in North America and further recalls in Europe and China in response to concerns that possible defects may cause the vehicles to accelerate unintentionally.

In Japan, the monozukuri image may already be declining. In the five years between 2004 and 2008, the number of domestic cars recalled in Japan was double that of the preceding five years, based on transport ministry data.

The number of safety-related recalls on products sold here excluding cars, food and drugs rose to 189 during the fiscal year ended March 31, 2009, up more than 80% from three years earlier, according to Ministry of Economy, Trade and Industry.

On Tuesday **Sharp** Corp. announced it would recall nearly one million refrigerators covering 48 models made between 1996 and 2001 because of four incidents of a refrigerator door falling off the hinges when objects got jammed in the door.

A Sharp spokeswoman said all the incidents involved using the refrigerator in unintended ways.

The recent trends also reflect a rise in consumer advocacy in Japan. Last year, Japan created a Consumer Affairs Agency to regulate product safety after a series of tainted food scandals and deadly accidents involving home appliances.

In 2006, a subsidiary of Nagoya-based **Paloma** Co. caused outrage in Japan after initially denying responsibility over faulty gas water heaters that were blamed in several cases of carbon monoxide poisoning. The scandal prompted lawmakers to impose tougher rules on companies. Initially, Paloma denied its water heaters were to blame for the deaths. It later said that some of the gas poisonings were the result of a product defect. A Paloma spokesman couldn't be reached for comment Thursday.

Japan passed a law in May 2007 requiring companies to report all product-related accidents resulting in death or major injury within 10 days. The number of reported accidents doubled in the year ending March 31, 2008, to 6,371 cases, from the previous year, according to the National Institute of Technology and Evaluation.

Analysts say Japan's relentless focus on cost-cutting in recent years—amid the recession and deflation—has also played a role in the surge in complaints. One aspect of the new science of supply chain management is to share components across many product lines in order to get better prices from suppliers by buying in bulk.

One risk, however, is that a faulty part could cause problems not on just one product but across many product lines. In 2007, Matsushita Electric Industrial Co., which would later become Panasonic, recalled three million microwave ovens, dryers and refrigerators because all the products shared common electronic parts that could overheat.

"Companies are also increasingly moving production overseas and want to procure local parts to save costs, but that can make quality control more difficult," said Hironori Miyauchi, a researcher at the Japan Research Institute, a Tokyo-based engineering think tank.

Electronics products are also becoming more complex, with a greater number of potential risks for quality control, while cars are becoming more dependent on semiconductors and sensors, which can make diagnosing a problem more difficult.

In the electronics industry, the business climate has changed. No longer is it financially viable for one master craftsman to build a television set by himself, as was the case as recently as a decade ago. Now, the entire process is automated and manufacturing has taken a backseat to design and marketing.

Most Japanese business executives, at least publicly, say that quality manufacturing is still at the core of Japan's economy.

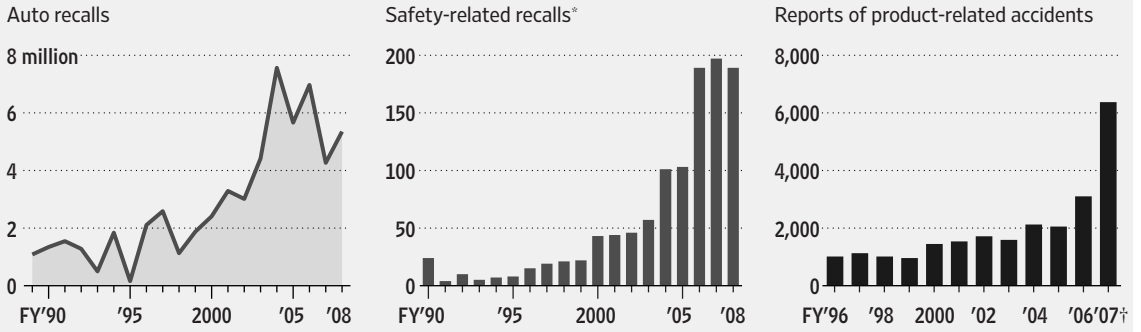
"I can't imagine Japan just throwing away monozukuri and heading down a different path," said Masamitsu Sakurai, chairman of copier, printer and camera maker **Ricoh** Co., in a interview with Japanese magazine Toyo Keizai last June.

Agence France-Presse/Getty Images

Electronic products have become more complex, with a greater number quality control risks. Above, Panasonic appliances.

Quality focus

Customer complaints, accident reports and product recalls have grown in Japan.



* Excludes auto-, food- and drug-related recalls †Auto-related accidents excluded from FY2007 figure; the number of reported accidents doubled in FY2007 as a result of a new law in May requiring companies to report all product-related accidents resulting in death or major injury within 10 days.
Note: Fiscal years start April 1 of years shown
Sources: Ministry of Land, Infrastructure, Transport and Tourism (auto recalls), Ministry of Economy, Trade and Industry (safety recalls), National Institute of Technology and Evaluation (accident reports)

What drivers should do if car speeds up on its own

By Jeff Bennett And Jonathan Welsh

Toyota Motor Corp. is advising drivers who own one of the 2.3 million vehicles affected by its latest recall for sudden acceleration to keep driving but be on the lookout for anything unusual in the car's behavior.

Unlike Toyota's earlier recall of vehicles for full-throttle unintended acceleration caused by accelerator pedals getting stuck under floor mats, the latest problem involves pedals that stick with the throttle partially open.

Toyota says the new "sticky pedal" problem isn't related to the earlier cases. There is, however, an overlap of about 1.7 million cars that could have both problems, Toyota said.

Drivers should look out for symptoms like a rough feel in the accelerator pedal's movement or a pedal that seems to return too slowly to the idle position.

Owners also can have their dealer check the accelerator mechanism for wear that could precede more serious problems.

Drivers who experience sudden acceleration from a stuck accelerator should step on the brake pedal firmly with both feet and shift the transmission into neutral to bring the vehicle to a stop, according to documents that Toyota has distributed to its dealers.

Drivers who are unable to shift the vehicle into neutral should turn the engine off, the documents advise.

The move won't cause a loss of steering or braking control, although drivers will have to use more effort because the power systems that assist steering and braking mechanisms with the engine on will be lost.

In vehicles that have push-button starters, drivers should steadily press the button for at least three seconds to turn off the engine, the car maker's documents say.

Owners with a traditional key ignition should turn the engine off but not remove the key, since that would lock the steering wheel.

The U.S. National Highway Traffic Safety Administration said it has been working with Toyota to address the defects and plans to review eventual remedies but had no advice for consumers beyond contacting Toyota.

"Toyota is the lead on this," said NHTSA spokesman Eric Bolton. Mr. Bolton said the agency is pleased that Toyota is taking action to correct the problem and notify drivers of potential hazards.

John McEleney, president of Southgate Motors, a dealership in Clinton, Iowa, is asking his concerned Toyota customers to schedule an inspection appointment in order to determine if there is a problem.

Other than that, Mr. McEleney said his hands are tied until Toyota begins sending replacement pedals or other corrective parts, which may take a couple of weeks.

"We can at least provide a quick inspection to give customers some comfort," he said.

If a dealer isn't providing inspections, vehicle owners who may be concerned should still call the showroom and get their names on a list for any repair, said Edmunds.com spokeswoman Jeannine Fallon.

She also advised owners to take their vehicles to an empty parking lot and conduct their own tests to see if the accelerator pedal feels sticky.

"If the pedal is slow to respond then don't drive it," Ms. Fallon said. "This may also be a time to set up other transportation possibilities, such as renting a car or traveling with a friend."

AVIATION

Rivals taxi as Iraqi Airways rebuilds

Carrier orders new aircraft and competitors increase routes despite security concerns and hobbled infrastructure

By Stefania Bianchi And Daniel Michaels

Agence France-Presse/Getty Images

Iraqi Airways, which since 2004 has leased used jetliners, recently ordered new aircraft from Boeing Co.

In a potentially hopeful sign for Iraq's battered economy, foreign airlines are increasing service to the country as its national airline is rebuilding after two decades of war, sanctions and neglect.

Flying in Iraq remains difficult due to continuing security concerns and because airports and air-traffic control systems are just starting to be modernized.

Iraqi Airways spokesman Abir Burhan said the carrier hopes the influx of foreign airlines "will add more credibility to Iraqi Airways and Iraq's aviation sector."

The national airline, which since 2004 has leased used jetliners, recently ordered new aircraft from **Boeing** Co. and started flying new turboprops from Canada's **Bombardier** Inc.

The carrier still faces big financial hurdles, however, and is engaged in a long-running legal battle with **Kuwait Airways** dating back to the first Gulf War that could impede the Iraqi airline's development.

The risk, industry officials said, is that foreign airlines could snag the Iraqi market before the national carrier can establish itself. Rivals, including Bahrain's **Gulf Air**, **Turkish Airlines** Inc., Lebanon's **Middle East Airlines** and Austrian Airlines AG, already cater to locals, who are now free to travel abroad, and to outsiders world-wide who want to cash in on Iraq's oil wealth and reconstruction needs.

"It's a good market," said Turkish Airlines Chief Executive Temel Kotil. Turkish was one of the first foreign carriers to serve Baghdad after the end of Saddam Hussein's regime in 2003 and it plans in March to start flights to Basra, in southern Iraq. "We want to serve many Iraqi cities," Mr. Kotil said, adding that most of the carrier's passengers are Europeans.

Gulf Air late last year started services to Baghdad, Najaf to its south and Erbil in northern Iraq. The carrier said it filled 74% of the seats on the flights last month—a high load for new routes. Gulf Air executives said they are considering adding two more cities.

German giant **Deutsche Lufthansa** AG recently announced that it aims this summer to start serving Baghdad and Erbil, pending regulatory approval. Austrian Airlines, a unit of Lufthansa, is increasing flights to Erbil, the one Iraqi city it serves. Upscale **Qatar Airways** also is examining the Iraqi market, officials said.

As ordinary Iraqis start to fly—largely to visit friends and relatives around the region—budget carriers also see opportunities. Low-fare **Bahrain Air** recently began service to Iraq, while rivals including **Air Arabia** and **FlyDubai**—both from the United Arab Emirates—and Kuwait's **Jazeera Airways** have said they also are assessing the market. "We'd like to start very soon," said Stefan Pichler, chief executive of Jazeera Airways. "It's an attractive market with around-the-year demand."

Iraqi Airways is trying to keep up but still needs funding from the state, which is already burdened. "The Iraqi government doesn't have the financial incentives or resources to either draw in business or to stave off threats to Iraqi Airways," said Saj Ahmad, chief analyst of U.K.-based consultants FBE Aerospace.

Mr. Burhan, at Iraqi Airways, brushed off the competitive threat. "Anything that connects Iraq to the rest of the world is good for the carrier and the country as a whole," he said.

One factor limiting competition is security. Even carriers that have experience flying to less-developed markets get nervous about Iraq. A DHL Express cargo plane in 2003 was hit by a missile on takeoff from Baghdad but landed safely, thanks to heroic piloting. Austrian struggled to staff its flights to Erbil when they began in late 2006. Austrian in August 2007 suspended the service for 10 months due to security threats. An Austrian spokeswoman said many staff now volunteer for Erbil flights, although planes depart quickly after landing.

Security concerns raise the insurance premiums carriers pay. Foreign airlines recoup the expense by charging high fares. But less-established Iraqi Airways may struggle to sell expensive tickets, analysts said.

Iraqi Airways wants to start flights to London soon, Mr. Burhan said. For now, the carrier is focusing on the Middle East, mainly carrying Iraqis conducting business in the region. The strategy is driven partly by history.

After Iraq was defeated in the first Gulf War, when it invaded neighboring Kuwait in August 1990, international sanctions largely kept the carrier grounded. The U.S.-led invasion of Iraq in 2003 opened new opportunities for the carrier, which started flying leased planes. In 2008 it announced plans to order up to 40 new Boeing 737s, valued at $3 billion at list prices. The carrier also said it planned to order 10 of Boeing's new 787 Dreamliners, allowing it to fly intercontinental routes.

But the airline's ambitions are limited by the legacy of Iraq's invasion of Kuwait, when Iraqis stole planes and spare parts from Kuwait Airways. Kuwait later won a series of international court rulings against Iraq and a $1.2 billion compensation claim. Iraq hasn't paid the claim and representatives of the Kuwaiti carrier said they will secure payment of the debt by having Iraqi planes seized if they land in Europe.

Mr. Burhan said the Kuwaiti and Iraqi governments "are in constant negotiations about this at a high level and are trying to sort it out."

FROM PAGE ONE

Giant banks find paths around limits on pay

Continued from first page

whose fixed expenses outstrip available cash resources.

Such loans aren't new, experts say, but they are becoming more common. Unlike normal borrowers, bankers and traders sometimes can get below-market rates on loans or face lighter collateral requirements, industry officials say.

A rise in favorable employee loans could fuel new resentment over the pay culture at financial companies.

Many banks remain tight about lending to consumers and small businesses. Loan balances at U.S. banks shrank by 2.8% in last year's third quarter, the largest decline in at least 25 years, according to the Federal Deposit Insurance Corp.

RBS is setting up a program for employees who want to borrow against a portion of their deferred compensation at market rates. A spokesman at RBS says few employees tapped the bank's loan program when it was offered last year.

UBS AG issued loans to more than a dozen employees who faced a cash crunch last year. The firm is weighing whether to offer similar in-house credit this year, a person familiar with the situation says.

Goldman has let a small number of employees take out loans through the company's banking unit. A spokesman says the loans don't carry bargain interest rates, aren't forgivable and aren't connected to compensation.

Steven Eckhaus, a partner at law firm Katten Muchin Rosenman LLP in New York, says he recently worked on two cases in which banks explored employee loans. He expects to see more such inquiries.

"You're seeing a lot more flavors of compensation and the way pay is structured," Mr. Eckhaus says.

Citigroup officials have told some investment-banking employees that the company was considering offering loans to cash-strapped workers, according to people familiar with the matter. Citigroup decided not to launch a special loan program but is continuing to offer forgivable loans to a handful of employees, primarily as a recruiting and retention tool.

Employees typically aren't required to repay forgivable loans unless they leave the company.

Some banks are easing the limits on restricted stock, making the shares nearly as liquid as cash. At Bank of America, restricted stock being distributed at the investment-banking unit can be sold as soon as August. Citigroup is issuing $1.7 billion of stock units that employees can sell in April.

Banking regulators globally have encouraged banks to make their pay deferral periods longer, at least a year or more.

Citigroup last week said it has capped most cash bonuses at $100,000 per employee. But that limit doesn't count "deferred cash" awards, which some investment bankers and traders are getting. Those payments are locked up in Citigroup interest-bearing accounts for a few years before employees can get their hands on the cash.

A person familiar with the situation says Citigroup employees generally will get about 25% to 60% of their compensation as long-term deferred stock or cash.

In the U.K., banks are looking for ways to maneuver around the one-time bonus tax, despite warnings from U.K. Treasury and tax officials that any attempt to pay a bonus after the tax year ends in April would result in an extension of the law.

Because base salaries aren't subject to the levy, some banks have looked at jacking them up temporarily, according to U.K. tax officials and pay consultants. Some U.S. banks took a similar step last year after Congress clamped down on bonuses.

British officials have blessed the shift to higher salaries, saying they help rein in risky decision-making. But the salary increases must be permanent, or they will be taxed like a bonus.

"A significant, one-off leap in salary is something we'll be keeping an eye on," says Paul Franklin, a spokesman for the U.K.'s tax service.

In December, **Barclays** PLC decided to raise salaries across the bank, backdating them to July. **Credit Suisse Group** AG, **Morgan Stanley**, UBS and Citigroup also have raised the base salaries of some employees.

—Joe Bel Bruno contributed to this article.

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Hyundai raises bar

Auto maker plans to boost market share as earnings increase

By Kyong-Ae Choi

SEOUL—**Hyundai Motor** Co. set its sights on increasing its share of the global automobile market to 5.4% this year, after its fourth-quarter net profit nearly quadrupled on strong demand for new models and tax incentives for new-car purchases.

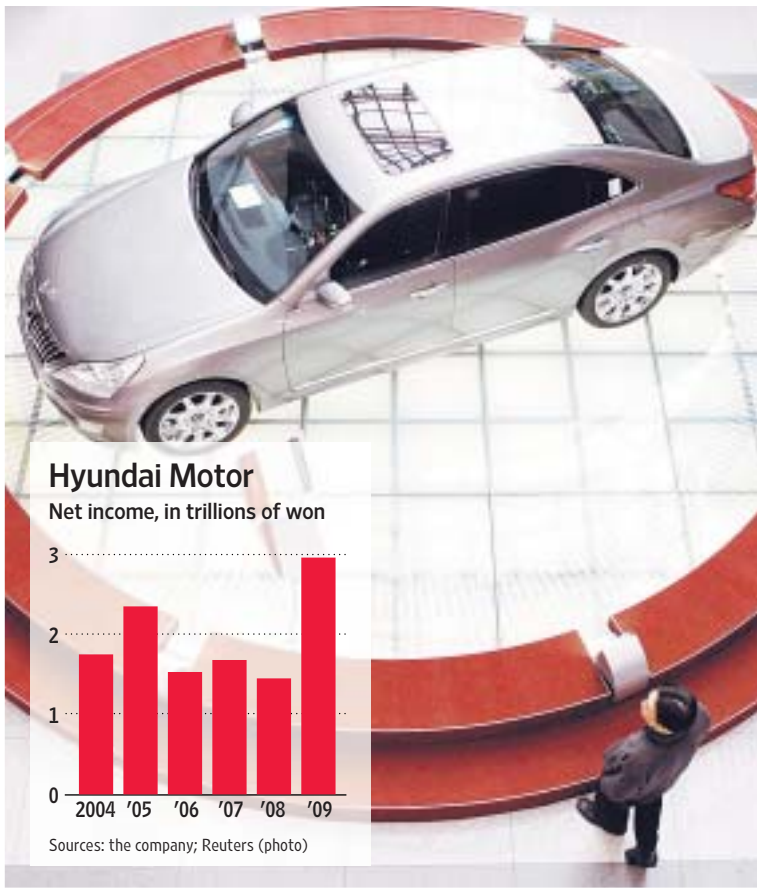
Analysts said a competitive product lineup, reasonable prices, expanded capacity and improved quality helped the South Korean auto maker.

In a year when bigger rivals were experiencing difficulty with the economic recession, Hyundai Motor sold a total of 3.1 million vehicles, up 12% from 2.78 million in 2008, to capture 5.2% of the global automobile market.

In the U.S., where its market share rose to 4.2% last year from the previous year's 3%, Hyundai expects this year's market share to reach 4.6% helped by its two new models—the YF Sonata sedan and the Tucson compact sport-utility vehicle.

"Hyundai's product portfolio, which centers on small- and midsize cars, and its strenuous efforts to improve brand value were the two biggest catalysts last year," Kang Sangmin at Hanwha Securities said.

He said **Toyota Motor** Corp.'s recent safety issues may be an unexpected bonus for Hyundai if it successfully takes U.S. customers away from the Japanese auto maker. Hyundai said it has no plan to offer incentives to do so.



A Hyundai sedan is displayed at the company's headquarters in Seoul on Thursday.

Hyundai's quarterly net profit jumped to 945.5 billion South Korean won ($814 million) from 243.5 billion won a year earlier, beating the 856.6 billion-won forecast from analysts polled by market-research firm FnGuide.

Net profit for all of 2009 more than doubled to 2.962 trillion won from the previous year's 1.448 trillion won.

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Ford reports profit for '09, targets debt

By Jeff Bennett

DETROIT—**Ford Motor** Co. swung to its first annual profit since 2005 and said it will remain profitable on a pretax basis during the next two years.

The U.S.-based auto maker must now weather a fragile automotive market, especially in Europe, where the loss of incentive programs is expected to reduce overall industry sales by as much as two million vehicles this year.

"Consumer spending growth in the U.S. and Europe is likely to remain below trend in 2010," Chief Executive Alan Mulally said during a conference call Thursday. "The economy remains soft in many areas of the world."

Meanwhile, the company will have to shrink its debt of $34.3 billion at the end of last year—almost twice the debt burden at General Motors Co. GM, along with **Chrysler Group** LLC, filed for bankruptcy protection last year.

"We are not kidding ourselves about our debt," Chief Financial Officer Lewis Booth said during an interview after the earnings release. "We have an uncompetitive balance sheet and we are working on it. We are acutely aware that we have too much debt on our balance sheet."

Mr. Booth declined to say if Ford would issue new equity to reduce the debt. He said the company will concentrate on producing a positive operating cash flow. Mr. Booth also said he is monitoring rising commodity prices. Those increases are likely to boost vehicle prices "a bit" this year, he said.

Profit for the fourth quarter was $868 million, or 25 cents a share, compared with a year-earlier loss of $5.98 billion, or $2.51 a share. Excluding items, the company reported earnings of 43 cents a share, exceeding the Thomson Reuters analyst estimate of 26 cents. The auto maker's fourth-quarter revenue rose 22% to $35.4 billion.

Ford's full-year 2009 profit was $2.7 billion, compared with a loss of $14.7 billion the previous year. Revenue for the full year was $118.3 billion.

Mr. Mulally hadn't expected an annual profit until 2011. He has worked to improve production, slash jobs, sell brands and unite Ford since his arrival in 2006.

Separately, Ford said it has halted production of a full-size commercial vehicle in China after discovering that the gas pedal used came from the supplier involved in **Toyota Motor** Co.'s recall. Mr. Mulally said the move is an isolated incident.

He added that Ford is reviewing the vehicles because they use a pedal designed by CTS Corp., which is part of the Toyota recall involving sticky accelerator pedals.

The affected vehicles are diesel versions of the Transit Classic commercial vehicle that Ford makes in China with one of its joint-venture partners, Jiangling Motors Corp., according to Ford spokesman Said Deep. The vehicle is distributed

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Nintendo stumbles despite 'robust' holiday season

By Daisuke Wakabayashi
And Kazuhiro Shimamura

TOKYO—**Nintendo** Co. said year-end holiday sales were "robust," suggesting that its Wii game console had regained its footing after a slowdown in demand, though a strong yen and price cuts continued to push down the company's profit.

Nintendo said group net income was 192.6 billion yen ($2.14 billion) for the nine months ended Dec. 31, down 9.4% from a profit of 212.52 billion yen a year earlier. Revenue declined 23% to 1.182 trillion yen, while operating profit fell 41% to 296.66 billion yen.

To cope with a slowdown in demand for the Wii, Nintendo reduced prices by 20% to $200 ahead of the holiday shopping season. Revenue also suffered from a strengthening of the yen against the euro and U.S. dollar, resulting in lower overseas income when converted into yen terms.

The Wii remains the top seller among the current generation of game consoles, outpacing sales of Microsoft Corp.'s Xbox 360 and Sony Corp.'s PlayStation 3. However, demand started to slow last year and competitors, especially Sony's PS3, are closing the gap.

Nintendo had a strong holiday quarter boosted by the introduction of "New Super Mario Bros. Wii," which sold 10.6 million units worldwide after its November release.

Hiroshi Kamide, analyst at KBC Securities, said Nintendo can expect brighter prospects with the release of software such as the new Mario Bros. game and coming sequels of game franchises such as "Zelda" and "Metroid" later this year.

"It really demonstrates that once Nintendo puts out its own software, its fortunes turn around pretty quickly," Mr. Kamide said.

For its fiscal year ending March 31, Nintendo said it will keep its current forecast for a net profit of 230 billion yen on revenue of 1.5

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Associated Press

Nintendo released 'New Super Mario Bros. Wii' in November and sold 10.6 million units world-wide through year end.

XD Electric falls on Shanghai debut

A string of disappointing launches reflects concern over high valuations and government moves to tighten credit

SHANGHAI—**China XD Electric** Co. fell below its initial public offering price in its Shanghai debut, a rare occurrence that underscores the weak sentiment in the Chinese stock market this year.

Shares in XD Electric, China's largest maker of power transmission and distribution equipment by sales, ended trading Thursday at 7.79 yuan ($1.14) each, down 1.4% from their IPO price of 7.90 yuan, though slightly above their intraday low.

IPO FOCUS

Analysts had expected shares to rise 10%.

Concerns over government moves to tighten bank credit in recent weeks have weighed on investor sentiment, a trend analysts said is likely to continue for the near term.

While XD Electric was the first Shanghai stock to fall on its debut since regulators lifted a freeze on new listings in June, the market has had a string of disappointing debuts lately, and demand for new listings could weaken further, analysts said.

The benchmark Shanghai Composite Index closed 0.3% higher at 2994.14, but it is down 8.6% this year, underperforming many major global markets.

Agence France-Presse

XD Electric is China's largest maker of power transmission and distribution equipment by sales.

Subscriptions to IPOs in China have been heavy in recent years, and investor appetite for new listings almost guaranteed the stock would rise sharply on its first trading day.

Some companies rose to multiple times their IPO prices on their debuts on the Shanghai board last year.

But high valuations and a heavy supply of new offerings have hit China's IPO market.

China National Chemical Engineering Co. rose 5.9% on its debut Jan. 7, while locomotive maker China CNR Corp. gained 2.3% when its shares first traded Dec. 29. Both companies fell below their IPO prices in subsequent trading.

XD Electric's weak debut is "a good thing in a way for China's stock market, as it will push investors to seriously assess IPO valuations," said Zhang Gang, an analyst at Central China Securities.

XD Electric's IPO price represents a valuation around 30 times its estimated 2009 earnings.

Though the valuation is lower than those of the company's smaller listed peers, analysts said it isn't attractive enough at a time when the Shanghai index is trading an average of 20 times estimated 2009 earnings.

XD Electric sold 1.3 billion yuan-denominated Class-A shares, or 30% of its enlarged share capital, in the IPO.

The company has said it planned to use 7.7 billion yuan of the IPO proceeds to increase its production capacity and upgrade technology.

—Wynne Wang

China realty company IFM off to a bumpy start

By Lynn Cowan

China's only Century 21 real-estate chain sold its initial public offering a day late and more than a dollar short as the U.S. IPO market continued its slow and bumpy start to the year.

But the stock was up slightly in early trading Thursday.

IFM Investments Ltd., which claims to be the largest network of real-estate brokerage services in China, opened at $7.15 on the New York Stock Exchange, up 2.1% from its initial public offering price of $7. It rose as high as $7.66 before dropping back to $7.07 in late-morning trading.

The company delayed its stock debut by a day and sold fewer shares at a lower price than expected. Its offering follows a decision by dating-site operator **FriendFinder Networks** Inc. to put off its offering until next week.

IFM Investments, which operates more than 1,000 residential real-estate sales offices in China, sold 12.5 million American depositary shares—four million less than planned—at the low end of an already reduced price range. The company, the exclusive franchiser for the Century 21 brand, had cut its price expectations on Wednesday to $7 to $8 a share from $8.75 to $10.75 a share. Its deal occurred just as the Chinese government is taking steps to curb lending.

Debt market expands again; pattern lacking

By Anusha Shrivastava

The U.S. commercial-paper market rose on both a seasonally adjusted and nonadjusted basis in the week ended Wednesday, after a dip last week, according to Federal Reserve data.

Swings in the commercial-paper market indicate an increase or contraction in business activity. No clear pattern has emerged in recent weeks, so it is too early to use the commercial-paper market as a barometer of growth in the economy.

This short-term market has recovered from the credit crisis, when it froze in 2008 and had to be supported by the Fed through a program to lend to issuers who were unable to tap investors directly for cash. The central bank's facility to help the commercial-paper market holds about $9 billion, down from a peak of about $350 billion.

The Commercial Paper Funding Facility, set to end Monday, was established in October 2008, at a time when investors were recoiling from lending. In July 2009, the central bank extended it past the one-year mark, and indicated there likely wouldn't be another extension.

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Corrections & Amplifications

Rohitha Bogollagama is Sri Lanka's Foreign Affairs minister. His surname was misspelled Thursday as Bogollangama in a World News article about Sri Lanka's presidential election result.

A chart accompanying a World News article Wednesday about foreigners remaining in the U.S. after finishing their graduate studies mislabeled some countries' figures. A corrected chart appears below.

Who stays?

Percentage of foreigners receiving science and engineering doctorates in 2002 who were in the U.S. in 2007

	Total	% in U.S. five years later
China	2,139	92%
India	615	81
Canada	258	55
Germany	164	52
Taiwan	451	43
Turkey	315	42
S. Korea	814	41
Japan	144	33
Mexico	173	32
Brazil	119	31
Thailand	312	7

Source: U.S. Energy Department's Oak Ridge Institute for Science & Engineering

TSMC net up sharply; record year is predicted

By Jessie Ho

TAIPEI—**Taiwan Semiconductor Manufacturing** Co. reported its highest quarterly net profit in two years, underpinned by a recovery in global chip demand that the semiconductor giant expects will make 2010 a record year.

The strong fourth-quarter performance by TSMC, the world's largest contract chip producer by revenue, came as the world economy began its gradual exit from the slump caused by the financial crisis, and consumers slowly started to loosen their purse strings. Personal-computer replacement demand following the launch of **Microsoft** Corp.'s Windows 7 operating system also helped.

TSMC said that its net profit for the three months was 32.67 billion New Taiwan dollars (US$1.02 billion), up from NT$12.45 billion a year earlier.

It was TSMC's highest quarterly net profit since the fourth quarter of 2007's NT$34.48 billion.

Revenue for the fourth quarter jumped 43% to NT$92.1 billion from NT$64.56 billion.

"We had a good quarter and a much better year than we imagined a year ago," TSMC Chairman Morris Chang told investors.

To meet strong demand and continue developing advanced chip-production technologies, TSMC said it expects its capital spending this year to rise to US$4.8 billion, a record for the company.

Its capital spending totaled US$2.67 billion in 2009.

TSMC's factories are operating at full capacity, and there is a capacity shortage particularly in advanced technologies, Mr. Chang said.

In response, TSMC will direct most of its capital spending toward research and development of 40-nanometer and even more advanced 28-nanometer production technologies, Mr. Chang said.

He said that the company will also devote funds to expanding capacity.

TSMC plans to expand 12-inch wafer production capacity by 34% this year, Chief Financial Officer Lora Ho said.

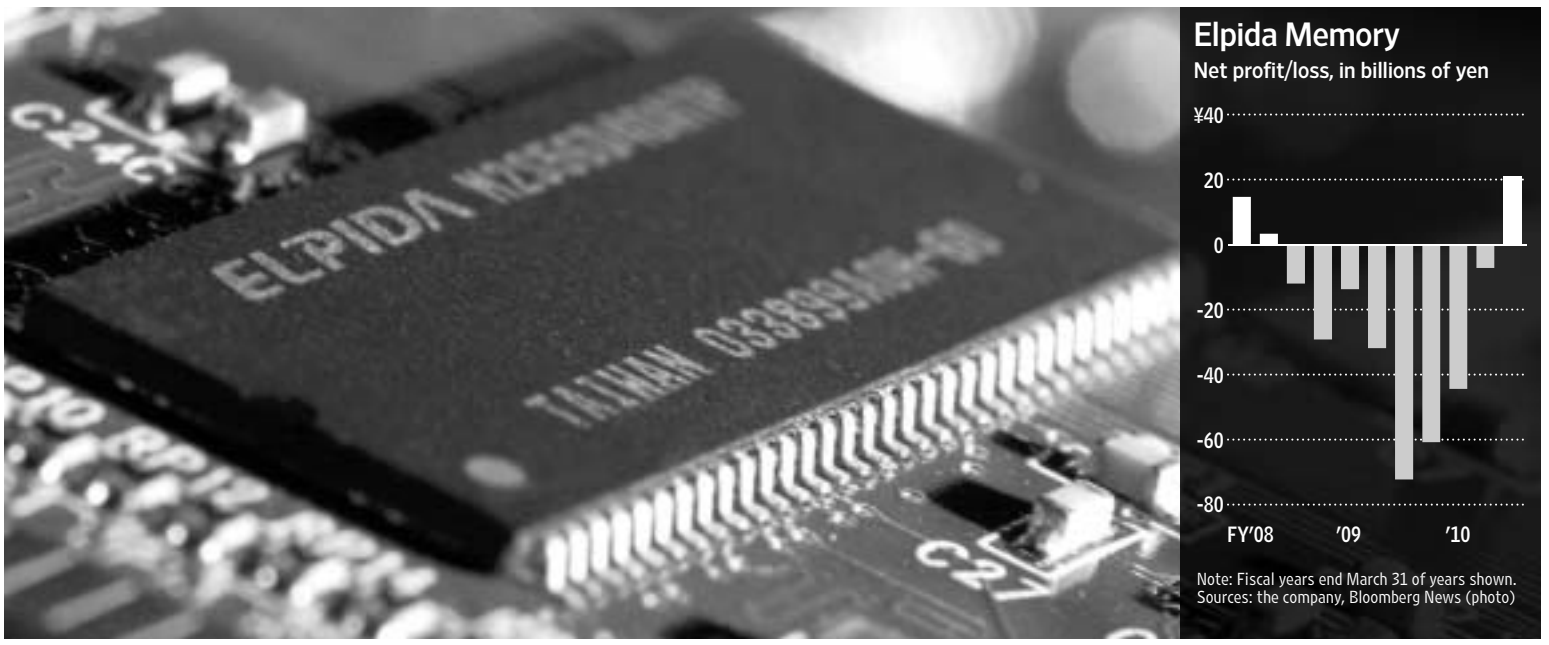
Steven Pelayo, an analyst at HSBC, explained that despite TSMC's strong outlook and the company's aggressive plan for expansion, "it may face more pressure in margin and pricing in the second half."

Ms. Ho said the company's consolidated revenue will likely be between NT$89 billion and NT$91 billion in the first quarter, typically a slow season for the global technology sector.

As a maker of chips for a broad range of many applications, TSMC's performance and optimistic outlook are seen as boding well for the electronics sector as a whole, analysts noted.

Mr. Chang said that he is expecting the global semiconductor industry's annualrevenue will increase by 18%.

He said the chip foundry segment's revenue is likely to grow a faster 29%.



PC demand propels Elpida

DRAM maker posts first quarterly profit in more than two years amid brisk computer sales

By Juro Osawa

TOKYO—**Elpida Memory** Inc. posted its first quarterly net profit in more than two years in its fiscal third quarter, as memory-chip demand surged on consumers' appetite for computers with **Microsoft** Corp.'s latest operating system.

The Japanese maker of dynamic random access memory chips Thursday reported a 21.05 billion yen ($233.8 million) group net profit for the October-December period, reversing from a net loss of 72.35 billion yen a year earlier.

Elpida's quarterly net profit, its first since the July-September quarter of 2007, is yet another sign of a recovery in the chip industry on the back of brisk computer sales.

Elpida's operating profit for the quarter was 30.45 billion yen, compared with a 57.89 billion-yen operating loss a year earlier, while revenue stood at 151.01 billion yen, more than double 61.77 billion yen a year earlier.

As a supply shortage continued amid strong demand, the average DRAM sale price for the quarter was up 30% from the previous quarter, Elpida said. DRAM chips are widely used in personal computers.

The company expects its chip business to be profitable as long as DRAM prices are above $1.50, said Chief Financial Officer Yasuo Shirai. The spot price for one-gigabyte DDR3 chips was $2.89 as of Thursday, while the one-gigabyte DDR2 spot price stood at $2.32, Elpida said.

"In 2010, we expect DRAM prices to be relatively stable," Mr. Shirai added.

Elpida also unveiled on Thursday a plan to set up by the end of March a new research and development center in Taiwan, inside its local unit **Rexchip Electronics** Corp.'s plant. The center will operate on a budget of about $30 million to $50 million.

In both Taiwan and at home, Elpida is speeding up the development of more advanced 40-nanometer process technology. By the end of this year, this advanced technology will account for half of the production capacity at its Japanese plant in Hiroshima and all of Rexchip's production capacity, the company said.

Exports return Nippon Steel to a profit

By Kazuhiro Shimamura

TOKYO—**Nippon Steel** Corp. returned to a quarterly profit for the first time in a year, thanks to increased exports to recovering markets in China and other parts of Asia.

But the world's second largest steelmaker by output revised its earnings forecast for the fiscal year that ends in March, saying it would post a loss.

Tokyo-based Nippon Steel posted earnings of 25.94 billion yen ($288.1 million) its fiscal third quarter, which ran through December. That compares with a profit of 50.44 billion yen a year earlier.

Sales fell 26% to 911.88 billion yen.

Despite the signs of increasing demand, the steel industry may not be out of the woods yet and the Asian recovery has created its own share of problems.

Nippon Steel said it had to revise its profit forecast for the full fiscal year, which runs through March, to reflect recent rises in oil prices and scrap metals.

Increased raw-material prices "partially resulted from the Asian market's strength," Nippon Steel Vice President Shinichi Taniguchi said at a news conference.

Steel demand in the construction industry remains weak, with housing starts slumping and corporations staying cautious about capital spending.

Nippon Steel lowered its profit forecast for the fiscal year to a net loss of 15 billion yen, compared with its previous projection of breaking even. It still net profit to increase to 31 billion yen for the fourth quarter.

Reuters

Higher costs caused Nippon Steel to forecast a fiscal-year loss. Above a collection facility in Tokyo on Thursday.

Mr. Taniguchi said the time isn't ripe to increase production aggressively since raw-material prices are rising. But he said the steel market trend in Asia isn't expected to turn down in the near future.

"We aim to achieve a profit increase in the fourth quarter from the third quarter by continuing to cash in on demand from the Asian markets," he said.

For the medium term, Nippon Steel pledged to continue expanding overseas as the Japanese market offers limited growth potential.

The company didn't set specific targets but said it plans to increase output capacity at a Brazilian affiliate and to build new production facilities in Asia outside Japan through March 2012.

CORPORATE NEWS

Nokia's profit rises 65%

Handset maker gains market share; Rival Motorola still lags

By Gustav Sandstrom And Roger Cheng

Nokia Corp. reported a 65% increase in fourth-quarter profit, while fellow handset maker **Motorola** Inc. reversed a year-ago loss but continued to lag the competition.

At Nokia, the world's top cellphone producer, rising handset sales and margins helped serve notice that it isn't ceding the smart-phone market to iPhone maker Apple Inc.

"We grew our market share in smart phones in the fourth quarter, driven by the successful launch of new touch and QWERTY models," said Chief Executive Olli-Pekka Kallasvuo.

The Espoo, Finland, company reported profit of €948 million ($1.33 billion), up from €576 million a year earlier. Sales fell 5.3% to €11.99 billion. In Helsinki, Nokia's shares were jumped about 10%.

Nokia and Apple are locked in a battle for dominance in the lucractive smart-phone segment, and Nokia also has returned to the computing segment with its Netbook, an area Apple took aim at Wednesday with the introduction of the iPad. Apple says the tablet device fills the gap between smart phones and laptop computers.

But demand for Nokia's devices, such as the newly launched N900 high-end smart phone, helped the company increase its handset market share to 39% in the fourth quarter from 37% a year earlier.

Nokia sold 127 million mobile phones at an average price of €63 in the fourth quarter, compared with 113 million units at a €71 average a year earlier. The operating margin in Nokia's key devices and services segment improved to 14.9% from 9.4% a year earlier.

Getty Images

Nokia's N900 helped the company increase its cellphone market share.

Motorola, meanwhile, made headway with the holiday launch of the Droid smart phone, which benefited from promotion by Verizon Wireless. Motorola shipped 12 million devices in the quarter but is global market share fell to 3.7% from 4.7% in the third quarter.

The Droid and Cliq phones, which use **Google** Inc.'s Android software, are part of Motorola's plan to become dependent on fewer, more profitable high-end devices. The company shipped two million Android-powered smart phones in the fourth quarter. It plans to ship 11 million to 14 million smart phones this year, but executives warned unit shipments would dip in the first quarter.

Co-Chief Executive Sanjay Jha expects financial improvement in the second half, with profitability in the mobile-devices unit in the fourth quarter.

Competition, however, remains fierce. Beyond the iPhone and **Research In Motion** Ltd.'s BlackBerrys, Motorola faces challenges from other Google-powered devices. The Droid, for example, enjoyed its status as the flagship Android device for about a month before interest shifted to Google's own Nexus One.

Motorola reported a fourth-quarter profit of $142 million, or six cents a share, reversing a year-ago loss of $3.66 billion, or $1.61 a share. One-time items caused a three-cent drop in per-share earnings.

Revenue fell nearly 20% to $5.72 billion, including a 22% drop in mobile-devices unit. In morning trading Thursday on the New York Stock Exchange, Motorola's shares were down 74 cents, or 9.9%, to $6.67.

"They didn't deliver on those lofty expectations," said William Choi, an analyst at Jefferies & Co.

SK Telecom profit shows 7.2% decline

By Jung-Ah Lee

SEOUL—Rising marketing costs amid stiff competition in South Korea's telecommunications market hit **SK Telecom** Co.'s bottom line in the fourth quarter, but the mobile carrier expects sales to rise this year on wireless Internet services and smart phones.

The company, South Korea's largest wireless-services operator by revenue, is targeting 13 trillion won ($11.19 billion) in sales in 2010, up from 12.1 trillion won in 2009. To that end, SK Telecom is putting most of its 1.75 trillion-won annual capital expenditure toward marketing of smart-phone and wireless Internet offerings.

SK Telecom posted net profit of 244.2 billion won in the three months ended Dec. 31, down 7.2% from 263.1 billion won a year earlier.

Increased spending on marketing will be the norm in South Korea's telecommunications industry this year as companies beef up their offerings of phone models, with SK Telecom expected to roll out 15 new smart-phone models and rival **KT** Corp. also expanding its lineup.

SK Telecom's marketing costs for the fourth quarter rose 16% to 807 billion won from 693 billion won.

Operating profit fell 5.5% to 443.1 billion won from 468.8 billion won, but sales rose 3.1% to 3.10 trillion won from 3.01 trillion won.

SK Telecom aims to sell more than two million smart phones this year, and expects to have a lineup of 25 of such models in 2013, mostly running on **Google** Inc.'s Android operating system, which will account for about 40% of its total handset offerings.

KT, the country's largest fixed-line operator and second-largest mobile carrier by revenue, said this month that it will also expand the share of its smart-phone models to more than 20% of its total handset offerings this year, with 50% of its smart-phone lineup to run on Android.

> Higher marketing costs and stiff competition are cited for lower results.

SK Telecom said 2009 net profit rose 0.8% to 1.29 trillion won from 1.28 trillion won, while operating profit rose 5.8% to 2.18 trillion won from 2.06 trillion won, resulting from revenue growth and other cost-cutting efforts. Its 12.1 trillion won in sales for the year represented a 3.7% increase from 11.68 trillion won a year earlier.

Wal-Mart, Li & Fung sign sourcing agreement

By Karen Talley and Kate O'Keeffe

NEW YORK—**Wal-Mart Stores** Inc. on Thursday said it signed a sourcing deal with giant merchandise provider **Li & Fung** Ltd., with expectations the U.S. retailer could buy $2 billion worth of goods through the Hong Kong firm in the deal's first year.

"We are redefining how we source products that are imported into Wal-Mart retail markets around the globe," said Wal-Mart Vice Chairman Eduardo Castro-Wright, adding the new approach should drive "significant" savings across Wal-Mart's supply chain.

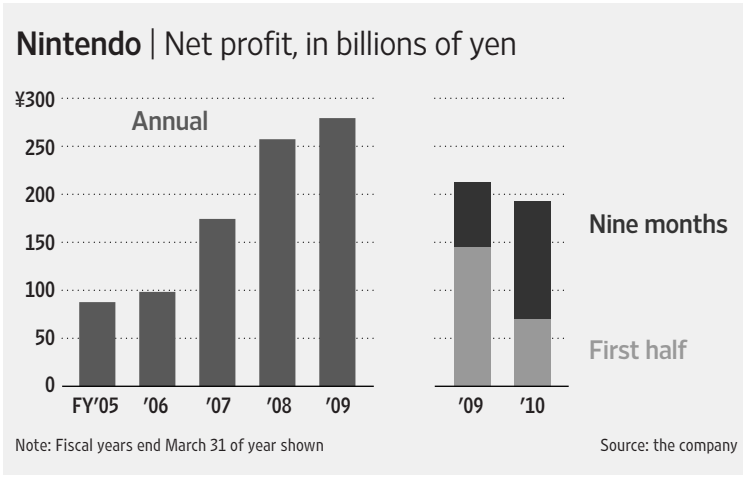
The move should help Wal-Mart's domestic operations as well as facilitate the international growth it is aggressively pursuing.

The alliance between the companies is expected to allow Wal-Mart to benefit by consolidating a part of its multibillion-dollar sourcing portfolio that supplies the goods it sells in stores. The core of the company's overall global sourcing strategy will be to continue increasing direct sourcing of its own brands, Wal-Mart said in a statement.

Companies like Li & Fung act as intermediaries between retailers and manufacturers to obtain goods, with the benefit being Li & Fung's global connections and leverage as a huge purchaser.

Li & Fung has been doing business with Wal-Mart as a wholesaler, but this is its first direct-sourcing deal, which typically generates higher volumes. Li & Fung's other U.S. clients include **Target** Corp. and **Liz Claiborne** Inc.

Li & Fung said it is forming a new company to manage its account with Wal-Mart.



Nintendo's earnings decline 9.4%

Continued from page 15

trillion yen.

Analysts polled by Thomson Reuters are forecasting a full-year net profit of 226.52 billion yen.

Nintendo on Thursday didn't release figures for the quarter ended Dec. 31, following the company's usual practice of not doing so until the day after releasing year-to-date figures.

Based on Nintendo's results earlier in the fiscal year, its fiscal third-quarter results appear to have fallen from the year-earlier period but surpassed expectations of a profit of 120.5 billion yen from analysts polled by Thomson Reuters.

Nintendo kept its console sales targets unchanged for the year. The company still aims for Wii sales of 20 million units.

In the previous fiscal year, Wii sales totaled 26 million units.

Nintendo expects Wii software sales to reach 192 million units in the fiscal year, compared with a previous estimate of 180 million, but Nintendo says the rise is the result of how it categorizes software it sells bundled with hardware versus a substantive difference in its view of the market.

Nintendo's sales projection for DS hand-held consoles is pegged at 30 million units, unchanged from the company's previous forecast.

The company continues to expect DS software-title sales of 150 million units.

Hyundai Motor profit increases on solid demand for new models

Continued from page 15

Helped by the global economic recovery and estimated double-digit growth in China and India, Hyundai forecasts the world-wide automobile market will be 67 million vehicles this year, up 4.6% from the 64 million sold last year.

Hyundai is aiming for sales of 33.467 trillion won by selling 3.46 million vehicles around the world this year, up from 3.11 million sold in 2009.

Hyundai's shares ended the day 4.1% higher to 113,500 won.

"The fourth-quarter earnings will make analysts upgrade their earnings estimates for Hyundai Motor for 2010, which will likely make the company's stock valuation attractive again," said Stephen Ahn at LIG Investment & Securities.

Operating profit rose 44% to 837.2 billion won from 581 won billion a year earlier.

Sales were up 9.3% to 9.649 trillion won from 8.831 trillion won a year ago.

Hyundai, together with its 39%-owned Kia Motors Corp. arm, is the world's fifth-largest car maker by sales.

Ford rebounds to a profit for 2009

Continued from page 15

solely in China, Jiangling Motors said.

Messrs. Booth and Mulally declined to comment directly on the Toyota recall. Ford, along with GM, is offering $1,000 to customers who trade in Toyota, Lexus, Scion, Honda or Acura vehicles with model years between 1995 and 2010.

During the quarter, all of Ford's units reported profits except Volvo. The North America automotive unit had a pretax profit of $707 million compared with a loss of $1.9 billion a year earlier. The improvement came from higher sales and an increase in automotive prices.

South America's pretax profit rose to $369 million, compared with a profit of $105 million, while Europe swung to a pretax profit of $305 million compared with a $338 million loss. The Asia, Pacific Africa unit had a profit of $19 million compared with a loss of $19 million.

The Volvo unit, which is being sold to Geely Holding Group Co., a privately owned Chinese automotive group, narrowed its pretax operating loss to $32 million from $736 million a year earlier.

Agence France-Presse/Getty Images

The exchange hopes to use funds from an offering to invest in technology.

Tokyo's latest IPO delay

With another loss expected, exchange unlikely to go public until '11

By Ayai Tomisawa

TOKYO—The **Tokyo Stock Exchange** said Thursday that its often-delayed initial public offering may not happen until later next year if, as it expects, the firm records its second straight year of net losses.

"As long as we keep posting losses, it's difficult {to go public," TSE President Atsushi Saito said. "Since we posted a [net] loss last fiscal year, it's probably difficult for us to go public before April 2011 if we post a loss again this fiscal year."

He added that it is unlikely that the exchange will be profitable on a net basis during the current fiscal year ending in March.

The stock exchange said that in the April-December period it posted a net loss after paying out damages of about 13 billion yen ($144.4 million), including interest, to Mizuho Securities Co., an arm of Mizuho Financial Group Inc.

The TSE, operator of Asia's largest stock exchange by market capitalization, has been planning an initial public offering since the fiscal year that ended in March 2006 to raise funds to invest in technology and to make it easier to form alliances with other exchanges. It was forced to delay going public before that because of a series of computer-system glitches that caused shutdowns in the trading of all shares.

Last March, the exchange delayed its plans to go public until the fiscal year starting April 2010 because its earnings were suffering. A weak stock market limited trading volume.

In December, the Tokyo District Court ordered the TSE to pay 10.7 billion yen to Mizuho for losses the brokerage house incurred four years ago from a misstated order that roiled Japanese markets.

In the nine months ended December, the TSE posted a net loss of 5.27 billion yen compared with a net profit of 7.89 billion yen in the same period the previous year.

"On a pretax level [this fiscal year], I'm expecting a profit, and I'm not pessimistic about that," Mr. Saito said.

Under the TSE's listing rules for the First Section, a company can go public even if it posts a net loss for a second straight year as long as it is profitable on a pretax level. A company also could go public while suffering a second consecutive pretax loss if its market capitalization is more than 100 billion yen, except when sales for the immediately preceding year are less than 10 billion yen.

"Technically, it's possible for us to go public, but from an exchange's standpoint, we are expected to serve as a role model for listed companies," said a TSE spokesman, adding that whether its shareholders and regulators would give such a move a green light is uncertain under current financial conditions.

Meanwhile, he said, no official change has been made to the exchange's plan to go public as early as the fiscal year that begins in April.

For the fiscal year ended March 2009, the TSE recorded a net loss of 3.7 billion yen amid valuation losses from its equity holdings in **Singapore Exchange** Ltd. It posted a net profit of 17.7 billion yen year earlier.

HKMA racks up a gain, expects a volatile 2010

By Chester Yung
And Aries Poon

HONG KONG—Hong Kong's de fact central bank posted a 5.9% investment return last year, reversing a 2008 loss, but its chief warned Thursday of volatility in the global investment environment this year.

"I expect that the uncertainties surrounding the movement of interest rates, international fund flows and exchange rates may lead to considerable volatility in global asset markets in 2010," Hong Kong Monetary Authority Chief Executive Norman Chan said at a briefing for reporters.

The HKMA, which manages the city's foreign-exchange reserves, said the Exchange Fund had a net investment income of 103.20 billion Hong Kong dollars (US$13.27 billion) in 2009.

The total compared with a net loss of HK$81.2 billion in 2008, when stock markets plunged because of the global financial crisis.

The fund, which is comprised mainly of U.S. dollar assets, is used to maintain the Hong Kong dollar's peg to the U.S. dollar and ensure financial stability in the territory.

The fund's gain from investing in Hong Kong stocks totaled HK$48.9 billion in 2009, a turnaround from 2008's loss of HK$77.9 billion.

Last year, the city's benchmark Hang Seng Index jumped 52%, after plunging 48% in the previous year.

Income from the fund's overseas stock investments last year totaled HK$48.7 billion, partly reversing a loss of HK$73.1 billion in 2008.

Mr. Chan was cautious about the outlook for stock markets this year.

"The performance of the financial markets is clouded by considerable uncertainty about the timing of exit from monetary easing," he said.

"While there is a modest recovery in the global economy, its sustainability remains to be seen. The global financial system has stabilized but its recovery is not without fragility," he added.

The HKMA said the Exchange Fund's bond investments had a loss of HK$700 million in 2009, compared with a gain of HK$88.4 billion in 2008, while its foreign-exchange gains totaled HK$9.80 billion, compared with 2008's loss of HK$12.4 billion.

The Exchange Fund's assets totaled HK$2.152 trillion at the end of 2009, up from HK$1.560 trillion a year earlier, mainly due to capital inflows into the Hong Kong dollar, the HKMA said.

According to the latest available data, 86% of the fund's assets at the end of 2008 were denominated in U.S. dollars. The remaining 14% were denominated mainly in euros, yen and sterling.

Asked if the Exchange Fund would rebalance its portfolio because of a weakening U.S. dollar, Mr. Chan told reporters he was "quite prepared to diversify," but declined to elaborate.

Financial Secretary John Tsang said Wednesday the Exchange Fund is considering investing in yuan-denominated assets.

At a separate briefing Thursday, Eddie Yuen, deputy chief executive of the HKMA, declined to say whether the fund is considering yuan assets. But he said yuan assets are potentially attractive because of China's rapid economic development, though the yuan is still not freely convertible and liquidity remains thin.

China's gross domestic product grew 8.7% in 2009, beating the government's target of 8% growth.

Separately, major banks in Hong Kong said Thursday they were leaving their best lending rates unchanged, following the U.S. Federal Reserve's decision on Wednesday to keep its official interest rates unchanged.

Because of the Hong Kong dollar's peg to the U.S. dollar, Hong Kong's monetary policy is bolted to that of the U.S.

Rohatyn to return to Lazard

By Jessica Papini
And Tess Stynes

Lazard Ltd. said company veteran Felix Rohatyn, who played a key role in rescuing New York City from a severe financial crisis in the 1970s, will return to the firm as a special adviser to Chairman and Chief Executive Kenneth M. Jacobs starting Monday.

"Felix is a legend in our industry," Mr. Jacobs said, "and I am honored that he is returning to the firm that he helped to create."

Mr. Rohatyn, 81 years old, served as a partner and director at the investment-banking firm, where he spent nearly 50 years. Mr. Rohatyn once brought in as much as a third of Lazard's M&A business, according to a report. He advised on blockbuster deals such as the merger of Time Inc. and Warner Communications, announced in 1989.

He left Lazard in 1997 to serve as U.S. ambassador to France under President Clinton.

During his storied career, he served as chairman of the New York Municipal Assistance Corp. for 18 years. In the 1970s he helped New York navigate through a financial crisis that led to fears the city might file for bankruptcy. He also served as a member of the board of governors of the New York Stock Exchange from 1968 to 1972.

In 2001, the Vienna-born investment banker founded his own private advisory firm, Rohatyn Associates. In 2006 he joined Lehman Brothers as a senior adviser to its chairman.

> Mr. Rohatyn once brought in as much as a third of Lazard's M&A business.

Mr. Rohatyn couldn't immediately be reached for comment.

Lazard has undergone major change in recent months. In November, Mr. Jacobs was promoted to chairman and CEO after the sudden death, at age 61, of Bruce Wasserstein, the company's famed deal maker and chief executive.

Mr. Rohatyn may have rejoined Lazard after a 13-year hiatus to help the firm continue its legacy as a major Wall Street mergers-and-acquisitions player. After Mr. Wasserstein's death, senior management "was feeling like it lost some of its heritage as it applies to client relationships, and they decided to reach out to Felix," said George Ball, chairman of Sanders Morris Harris Group and former chief executive of Prudential-Bache Securities and E.F. Hutton Group.

"Felix is a tradition-steeped person and Lazard is like a child of his," Mr. Ball said. "He couldn't resist helping out."

Mr. Jacobs had been the leader of Lazard's North American banking effort. He joined Lazard in 1988 and was named a partner in 1991. He was deputy chairman for more than seven years.

Lazard, which largely avoided mortgage-backed securities and other complex instruments, has seen particular strength in the division that provides advice for restructuring and bankruptcy, services in high demand in the recession and aftermath of the financial crisis. Its mergers-and-acquisitions business has recently flagged.

Getty Images

Lazard is 'like a child' to noted banker Felix Rohatyn, an observer said.

Japan yields end mixed; two-year auction solid

By Megumi Fujikawa

TOKYO—Japanese government-bond yields were narrowly mixed, as a rebound in domestic stocks prompted investors to sell safe-haven assets.

BOND MARKETS

But some analysts believe that yields could fall further, as prices seem to have hit bottom earlier this week. Yields and prices move in opposite directions.

The benchmark 10-year yield edged up 0.005 percentage point to 1.31%.

The government's sale of two-year notes went smoothly. But market participants didn't take it as a buying cue because strong demand was expected from banks, which hold ample surplus cash due to the Bank of Japan's accommodative policies.

The government sold 2.406 trillion yen ($26.72 billion) of the two-year paper at a lowest price of 100.080, in line with traders' expectations, to yield 0.159%. The new issue carries a coupon of 0.2%, unchanged from the previous issue in December.

The two-year yield fell 0.01 percentage point at 0.145%.

ING to appeal EU aid decision

By Anna Marij van der Meulen

AMSTERDAM—Dutch financial company **ING Groep** NV said it plans to lodge an appeal with the European Union over the way the European Commission calculated the amount of state aid it received.

"ING and the Dutch state agreed upon a reduction of the repayment premium which the European Commission sees as extra state aid, and we contest this," ING said Thursday.

In December, ING repaid the first half of the €10 billion ($14.02 billion) it owed the Dutch state. Initially, ING was expected to pay a penalty of 50% on the amount of state aid it repaid. ING and the Dutch state, however, agreed on a reduction that resulted in a penalty payment of €500 million instead of €2.5 billion. The European Commission views this as extra state aid of €2 billion.

The Dutch government said it also will appeal the EU figures. An ING spokesman said the EU is likely to combine both appeals.

The decision to appeal might hamper ING's negotiations with the EU on the terms for repaying the remaining €5 billion of core Tier 1 securities, KBC Securities said.

ING is in discussions with the Dutch state on the repayment terms, which will have to be approved by the EU. ING plans to repay the remaining state aid from earnings and the proceeds from divestments.

Short-term Treasury debt gets a boost

By Min Zeng

NEW YORK—Short-dated Treasurys held on to their gains Thursday after a Treasury auction of seven-year notes received good demand.

The $32 billion auction was the last leg of this week's $118 billion government note sales. The seven-year note sold at a yield of 3.127%, with a bid-to-cover ratio of 2.85, a bit above the 2.72 seen in December. Indirect bids, perceived as a proxy for foreign demand including those from foreign central banks, came in a 51%, below the 57.1% average of the last four seven-year note sales but above December's 44.7%.

U.S. CREDIT MARKETS

Thursday's direct bid, a category of bids from non-primary dealers, banks, money managers and depository institutions who have direct accounts to submit bids to the Treasury auctions, was 12%, compared to 6.6% in December.

In early afternoon trade, the two-year note was up 2/32 to yield 0.887%, while the 10-year note was down 3/32 to yield 3.660%.

Adding to investor appetite for U.S. bonds were a selloff in U.S. stocks and worries about Greece's ability to fund its ballooning fiscal shortfall. Such worries have crushed that nation's financial assets from stocks to bonds over the past few weeks.

Thursday, Germany's finance ministry spokeswoman, Jeanette Schwamberger, said it won't provide aid to help Greece reduce its budget deficit, following a report in French daily Le Monde that said European states were planning to help the country avoid a budgetary disaster.

Adding to the market angst was a report from Standard & Poor's Ratings Services saying it no longer classifies the U.K. among the most stable and low-risk banking systems globally.

The gains were a turnaround for two-year Treasurys, which were among the hardest hit Wednesday following the first dissenting vote, cast by Federal Reserve Bank of Kansas City President Thomas Hoenig, against the Federal Reserve's decision to keep the main policy rate near zero.

FUND SCORECARD

Sector Equity Industrial Materials

more slowly than other large-cap stocks. invest at least 75% of total assets in equities, and invest at least 50% of equity assets in industrial materials companies. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending January 28, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
4	**Lloyd George Asian Natrl Resources**	Lloyd George Investment Managers	USD	Cayman Isl	**-2.32**	114.08	-7.94	19.71
2	**iShares DJ STOXX 600 BasRes Swap(DE)**	iShares	EUR	Germany	**-6.81**	104.97	-12.28	NS
NS	**db x-trackers DJ STOXX 600 Basic Res**	DB Platinum Advisors	EUR	Luxembrg	**-7.52**	104.82	-12.05	NS
3	**iShares DJ STOXX 600 BasRes (DE)**	iShares	EUR	Germany	**-6.82**	103.04	-12.38	14.67
1	**Sabadell BS Funds - Eurp Basic Matls**	Europa INVEST S.A.	EUR	Luxembrg	**-3.12**	99.50	-19.17	5.99
3	**ING (L) Invest Europ Materials P Acc**	ING Investment Management Luxembourg	EUR	Luxembrg	**-8.30**	84.61	-12.31	9.66
4	**StreetTR MSCI Europe Materials ETF A/I**	State Street Global Advisors France	EUR	France	**-7.99**	80.97	-10.76	11.26
4	**eQ Materials 2 K**	eQ Rahastoyhtiö Oy	EUR	Finland	**-7.48**	79.50	-1.73	10.64
3	**ING Basic Materials**	ING Investment Management Europe	EUR	Nethrlnds	**-5.87**	78.66	-11.23	9.30
3	**Fortis L Equity Materials Europe Inc**	Fortis Investments (BE)	EUR	Luxembrg	**-6.86**	77.65	-11.28	10.34

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	01/26	EUR	51.19	-6.3	31.8	-24.6
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	01/27	USD	10.15	-2.1	32.0	-11.2
Am Eq Blend B	US	EQ	LUX	01/27	USD	9.53	-2.3	30.9	-12.0
Am Growth A	US	EQ	LUX	01/27	USD	30.14	-3.5	35.9	-1.8
Am Growth AX	US	EQ	LUX	01/27	USD	32.54	-3.5	36.7	-1.2
Am Growth B	US	EQ	LUX	01/27	USD	25.32	-3.6	34.5	-2.8
Am Growth C	US	EQ	LUX	01/27	USD	27.26	-3.5	35.3	-2.2
Am Growth I	US	EQ	LUX	01/27	USD	33.42	-3.5	37.0	-1.0
Am Income A	US	BD	LUX	01/27	USD	8.48	0.6	25.1	5.8
Am Income A2	US	BD	LUX	01/27	USD	19.24	1.1	25.2	5.7
Am Income A2	OT	OT	NA	01/27	HKD	149.62	1.2	NS	NS
Am Income AT	OT	OT	NA	01/27	HKD	66.10	1.1	25.2	5.8
Am Income AT	US	BD	LUX	01/27	USD	8.50	1.1	25.2	5.8
Am Income B	US	BD	LUX	01/27	USD	8.48	0.6	24.1	4.9
Am Income B2	US	BD	LUX	01/27	USD	16.57	1.0	24.2	5.0
Am Income B2	OT	OT	NA	01/27	HKD	128.86	1.2	NS	NS
Am Income BT	OT	OT	NA	01/27	HKD	66.41	1.2	NS	NS
Am Income BT	US	BD	LUX	01/27	USD	8.54	0.9	24.3	5.0
Am Income C	US	BD	LUX	01/27	USD	8.48	0.6	24.4	5.2
Am Income C2	US	BD	LUX	01/27	USD	24.65	1.0	24.6	5.3
Am Income I	US	BD	LUX	01/27	USD	8.48	0.6	25.8	6.4
Am Value A	US	EQ	LUX	01/27	USD	8.39	-1.6	18.3	-11.0
Am Value B	US	EQ	LUX	01/27	USD	7.72	-1.7	17.1	-11.9
Am Value C	US	EQ	LUX	01/27	USD	8.39	-1.6	17.8	-11.4
Am Value I	US	EQ	LUX	01/27	USD	9.04	-1.5	19.3	-10.2
Emg Mkts Debt A	GL	BD	LUX	01/27	USD	15.55	-0.1	42.7	8.0
Emg Mkts Debt A2	GL	BD	LUX	01/27	USD	20.18	0.3	42.7	8.0
Emg Mkts Debt AT	GL	BD	LUX	01/27	USD	15.66	0.4	42.8	8.1
Emg Mkts Debt B	GL	BD	LUX	01/27	USD	15.55	-0.1	41.4	6.9
Emg Mkts Debt B2	GL	BD	LUX	01/27	USD	19.42	0.3	41.3	7.0
Emg Mkts Debt BT	GL	BD	LUX	01/27	USD	15.63	0.3	41.4	7.0
Emg Mkts Debt C	GL	BD	LUX	01/27	USD	15.55	-0.1	42.1	7.5
Emg Mkts Debt C2	GL	BD	LUX	01/27	USD	19.83	0.4	42.2	7.6
Emg Mkts Debt I	GL	BD	LUX	01/27	USD	15.55	-0.1	43.4	8.6
Emg Mkts Growth A	GL	EQ	LUX	01/27	USD	32.17	-7.2	72.5	-11.3
Emg Mkts Growth B	GL	EQ	LUX	01/27	USD	27.24	-7.3	70.8	-12.2
Emg Mkts Growth C	GL	EQ	LUX	01/27	USD	27.88	-7.2	71.8	-11.7
Emg Mkts Growth I	GL	EQ	LUX	01/27	USD	35.68	-7.1	73.9	-10.6
Eur Growth A	OT	OT	LUX	01/27	EUR	6.85	-2.6	27.1	-13.1
Eur Growth B	OT	OT	LUX	01/27	EUR	6.16	-2.5	26.0	-13.9
Eur Growth B	OT	OT	LUX	01/27	USD	8.65	-2.5	26.0	-13.9
Eur Growth C	EU	EQ	LUX	01/27	EUR	5.19	-2.6	26.6	-13.5
Eur Growth I	OT	OT	LUX	01/27	USD	10.48	-2.6	28.1	-12.4
Eur Growth I	OT	OT	LUX	01/27	EUR	7.47	-2.6	28.1	-12.4
Eur Income A	OT	OT	LUX	01/27	EUR	6.72	1.8	42.2	5.7
Eur Income A	OT	OT	LUX	01/27	USD	9.43	1.8	42.2	5.7
Eur Income A2	OT	OT	LUX	01/27	EUR	13.16	2.3	42.3	5.7
Eur Income A2	OT	OT	LUX	01/27	USD	18.47	2.3	42.3	5.7
Eur Income AT	EU	BD	LUX	01/27	EUR	6.73	2.3	42.2	5.7
Eur Income B	OT	OT	LUX	01/27	EUR	6.72	1.8	41.3	5.0
Eur Income B	OT	OT	LUX	01/27	USD	9.43	1.8	41.3	5.0
Eur Income B2	OT	OT	LUX	01/27	EUR	12.23	2.2	41.1	4.9
Eur Income B2	OT	OT	LUX	01/27	USD	17.16	2.2	41.1	4.9
Eur Income BT	EU	BD	LUX	01/27	EUR	6.73	2.1	41.3	5.0
Eur Income C	OT	OT	LUX	01/27	EUR	6.72	1.8	41.6	5.2
Eur Income C	OT	OT	LUX	01/27	USD	9.43	1.8	41.6	5.2
Eur Income C2	OT	OT	LUX	01/27	EUR	13.11	2.2	41.6	5.2
Eur Income C2	OT	OT	LUX	01/27	USD	18.40	2.2	41.6	5.2
Eur Income I	OT	OT	LUX	01/27	EUR	6.72	1.8	42.9	6.2
Eur Income I	OT	OT	LUX	01/27	USD	9.43	1.8	42.9	6.2
Eur Strat Value A	OT	OT	LUX	01/27	EUR	8.25	-3.3	29.1	-16.7
Eur Strat Value A	OT	OT	LUX	01/27	USD	11.58	-3.3	29.1	-16.7
Eur Strat Value I	OT	OT	LUX	01/27	EUR	8.45	-3.3	30.2	-15.9
Eur Strat Value I	OT	OT	LUX	01/27	USD	11.86	-3.3	30.2	-15.9
Eur Value A	OT	OT	LUX	01/27	EUR	8.88	-3.5	33.5	-13.7
Eur Value A	OT	OT	LUX	01/27	USD	12.46	-3.5	33.5	-13.7
Eur Value B	OT	OT	LUX	01/27	USD	11.47	-3.4	32.4	-14.5
Eur Value B	OT	OT	LUX	01/27	EUR	8.17	-3.4	32.4	-14.5
Eur Value C	OT	OT	LUX	01/27	USD	12.06	-3.4	33.2	-14.1
Eur Value C	OT	OT	LUX	01/27	EUR	8.59	-3.4	33.2	-14.1
Eur Value I	OT	OT	LUX	01/27	USD	14.41	-3.3	34.8	-12.9
Eur Value I	OT	OT	LUX	01/27	EUR	10.27	-3.3	34.8	-12.9
Gl Balanced (Euro) A	OT	OT	LUX	01/27	USD	15.93	-1.0	23.9	-8.9
Gl Balanced (Euro) B	OT	OT	LUX	01/27	USD	15.49	-1.2	22.5	-9.9
Gl Balanced (Euro) C	OT	OT	LUX	01/27	USD	15.80	-1.1	23.6	-9.2
Gl Balanced (Euro) I	OT	OT	LUX	01/27	USD	16.22	-1.0	NS	NS
Gl Balanced A	US	BA	LUX	01/27	USD	16.19	-1.8	28.1	-8.8
Gl Balanced B	US	BA	LUX	01/27	USD	15.38	-1.9	26.8	-9.7
Gl Balanced C	OT	OT	LUX	01/27	USD	15.95	-1.8	27.8	-9.1
Gl Balanced C	OT	OT	LUX	01/27	EUR	11.36	-1.8	27.8	-9.1
Gl Balanced I	US	BA	LUX	01/27	USD	16.80	-1.7	29.0	-8.2
Gl Bond A	US	BD	LUX	01/27	USD	9.35	1.2	15.2	4.7
Gl Bond A2	US	BD	LUX	01/27	USD	16.24	1.4	15.0	4.6
Gl Bond A2	OT	OT	NA	01/27	HKD	126.29	1.4	15.0	4.6
Gl Bond AT	OT	OT	LUX	01/27	HKD	72.79	1.5	15.1	4.7
Gl Bond AT	US	BD	LUX	01/27	USD	9.36	1.5	15.1	4.7
Gl Bond B	US	BD	LUX	01/27	USD	9.35	1.2	14.1	3.6
Gl Bond B2	US	BD	LUX	01/27	USD	14.21	1.4	13.9	3.6
Gl Bond B2	OT	OT	NA	01/27	HKD	110.50	1.4	13.9	3.6
Gl Bond BT	OT	OT	LUX	01/27	HKD	73.02	1.4	13.9	3.6
Gl Bond BT	US	BD	LUX	01/27	USD	9.39	1.4	13.9	3.6
Gl Bond C	US	BD	LUX	01/27	USD	9.35	1.2	14.7	4.2
Gl Bond C2	US	BD	LUX	01/27	USD	14.09	1.4	14.6	4.1
Gl Bond I	US	BD	LUX	01/27	USD	9.35	1.2	15.8	5.2
Gl Conservative A	US	BA	LUX	01/27	USD	14.81	-0.4	18.4	-3.1
Gl Conservative A2	US	BA	LUX	01/27	USD	16.86	-0.4	18.5	-3.1
Gl Conservative B	US	BA	LUX	01/27	USD	14.79	-0.5	17.3	-4.1
Gl Conservative B2	US	BA	LUX	01/27	USD	16.01	-0.5	17.3	-4.1
Gl Conservative C	US	BA	LUX	01/27	USD	14.80	-0.4	18.0	-3.5
Gl Conservative C2	US	BA	LUX	01/27	USD	16.49	-0.4	18.0	-3.5
Gl Conservative I	US	BA	LUX	01/27	USD	14.89	-0.3	19.5	-2.3
Gl Eq Blend A	GL	EQ	LUX	01/27	USD	11.21	-3.9	36.0	-18.3
Gl Eq Blend B	GL	EQ	LUX	01/27	USD	10.51	-4.0	34.6	-19.2
Gl Eq Blend C	GL	EQ	LUX	01/27	USD	11.01	-3.9	35.4	-18.7
Gl Eq Blend I	GL	EQ	LUX	01/27	USD	11.83	-3.8	37.1	-17.7
Gl Growth A	GL	EQ	LUX	01/27	USD	40.15	-4.2	32.5	-19.3
Gl Growth B	GL	EQ	LUX	01/27	USD	33.49	-4.3	31.1	-20.1
Gl Growth C	GL	EQ	LUX	01/27	USD	38.52	-4.2	31.9	-19.7
Gl Growth I	GL	EQ	LUX	01/27	USD	44.61	-4.1	33.6	-18.7
Gl High Yield A	US	BD	LUX	01/27	USD	4.37	0.9	58.9	6.0
Gl High Yield A2	US	BD	LUX	01/27	USD	9.40	1.5	58.5	6.0
Gl High Yield A2	OT	OT	NA	01/27	HKD	73.10	1.5	58.5	6.0
Gl High Yield AT	OT	OT	NA	01/27	HKD	33.83	1.6	58.7	6.0
Gl High Yield AT	US	BD	LUX	01/27	USD	4.35	1.6	58.7	6.0
Gl High Yield B	US	BD	LUX	01/27	USD	4.37	0.9	56.3	4.7
Gl High Yield B2	US	BD	LUX	01/27	USD	15.10	1.5	56.8	4.9
Gl High Yield B2	OT	OT	NA	01/27	HKD	117.43	1.5	56.8	4.9
Gl High Yield BT	OT	OT	NA	01/27	HKD	34.37	1.4	57.0	4.9
Gl High Yield BT	US	BD	LUX	01/27	USD	4.42	1.4	57.0	4.9
Gl High Yield C	US	BD	LUX	01/27	USD	4.37	0.9	58.0	5.4
Gl High Yield C2	US	BD	LUX	01/27	USD	13.93	1.5	57.8	5.5
Gl High Yield I	US	BD	LUX	01/27	USD	4.37	0.9	60.0	6.7
Gl Thematic Res. A	OT	OT	LUX	01/27	USD	14.03	-4.8	70.5	1.0
Gl Thematic Res. B	OT	OT	LUX	01/27	USD	12.27	-4.8	68.8	0.0
Gl Thematic Res. I	OT	OT	LUX	01/27	USD	15.65	-4.7	71.8	1.8
Gl Value A	GL	EQ	LUX	01/27	USD	10.75	-3.5	39.8	-17.3
Gl Value B	GL	EQ	LUX	01/27	USD	9.87	-3.6	38.4	-18.2
Gl Value C	GL	EQ	LUX	01/27	USD	10.44	-3.6	39.2	-17.7
Gl Value I	GL	EQ	LUX	01/27	USD	11.43	-3.5	40.8	-16.7
Greater China A	AS	EQ	LUX	01/27	USD	36.78	-8.1	55.6	-13.8
Greater China B	AS	EQ	LUX	01/27	USD	32.52	-8.2	54.1	-14.7
Greater China C	AS	EQ	LUX	01/27	USD	36.30	-8.1	54.9	-14.2
India Growth A	OT	OT	LUX	01/27	USD	119.39	-5.9	NS	NS
India Growth AX	OT	OT	LUX	01/27	USD	104.38	-5.9	94.3	-8.0
India Growth B	OT	OT	LUX	01/27	USD	124.98	-6.0	NS	NS
India Growth BX	OT	OT	LUX	01/27	USD	89.16	-6.0	92.3	-8.9
India Growth I	EA	EQ	LUX	01/27	USD	108.21	-5.9	95.1	-7.6
Int'l Health Care A	OT	EQ	LUX	01/27	USD	139.03	1.1	18.8	-4.5
Int'l Health Care B	OT	EQ	LUX	01/27	USD	117.19	1.1	17.6	-5.4
Int'l Health Care C	OT	EQ	LUX	01/27	USD	133.20	1.1	18.3	-4.9
Int'l Health Care I	OT	EQ	LUX	01/27	USD	152.00	1.2	19.8	-3.7
Int'l Technology A	OT	EQ	LUX	01/27	USD	105.76	-4.2	48.0	-6.2
Int'l Technology B	OT	EQ	LUX	01/27	USD	91.58	-4.2	46.6	-7.1
Int'l Technology C	OT	EQ	LUX	01/27	USD	102.17	-4.2	47.4	-6.6
Int'l Technology I	OT	EQ	LUX	01/27	USD	118.66	-4.1	49.2	-5.4
Japan Eq Blend A	JP	EQ	LUX	01/27	JPY	5978.00	-0.8	22.1	-18.4
Japan Eq Blend B	JP	EQ	LUX	01/27	JPY	5764.00	-0.8	20.9	-19.2
Japan Eq Blend C	JP	EQ	LUX	01/27	JPY	5880.00	-0.8	21.5	-18.8
Japan Growth A	JP	EQ	LUX	01/27	JPY	5734.00	-2.4	13.1	-19.3
Japan Growth B	JP	EQ	LUX	01/27	JPY	5529.00	-2.5	12.0	-20.1
Japan Growth C	JP	EQ	LUX	01/27	JPY	5641.00	-2.4	12.6	-19.7
Japan Strat Value A	JP	EQ	LUX	01/27	JPY	6177.00	0.9	31.1	-17.9
Japan Strat Value B	JP	EQ	LUX	01/27	JPY	5962.00	0.9	29.8	-18.7
Japan Strat Value C	JP	EQ	LUX	01/27	JPY	6072.00	0.9	30.5	-18.3
Real Estate Sec. A	OT	EQ	LUX	01/27	USD	13.69	-4.6	44.0	-14.6
Real Estate Sec. B	OT	EQ	LUX	01/27	USD	12.50	-4.7	42.5	-15.4
Real Estate Sec. I	OT	EQ	LUX	01/27	USD	14.71	-4.6	45.1	-13.9
Short Mat Dollar A	US	BD	LUX	01/27	USD	7.29	0.3	11.4	-5.5
Short Mat Dollar A2	US	BD	LUX	01/27	USD	9.85	0.6	11.3	-5.5
Short Mat Dollar AT	US	BD	LUX	01/27	USD	7.29	0.6	11.2	-5.6
Short Mat Dollar B	US	BD	LUX	01/27	USD	7.29	0.3	10.9	-5.9
Short Mat Dollar B2	US	BD	LUX	01/27	USD	9.80	0.6	10.9	-5.9
Short Mat Dollar BT	OT	OT	LUX	01/27	USD	7.31	0.6	NS	-6.2
Short Mat Dollar C	US	BD	LUX	01/27	USD	7.29	0.3	10.9	-5.9
Short Mat Dollar C2	US	BD	LUX	01/27	USD	13.85	0.6	10.8	-5.9
Short Mat Dollar I	US	BD	LUX	01/27	USD	7.29	0.3	12.0	-4.9

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	11/30	USD	1616.75	66.9	72.1	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	01/26	USD	101.34	1.3	23.1	21.3
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	11/30	USD	96.31	14.7	11.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	11/30	USD	113.20	10.2	10.7	-29.6
Platinm-Emancipation	OT	OT	USA	11/30	USD	90.86	21.4	24.1	-9.4
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	11/30	SEK	612.68	12.3	10.4	-17.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	11/30	USD	57.51	NS	NS	-33.7
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
Closed for New Investments									
Superfund Cayman*	OT	OT	CYM	01/19	USD	44.27	8.6	-47.4	-3.7
Superfund GCT USD*	GL	EQ	LUX	01/26	USD	2027.00	-7.6	-45.6	-6.1
Superfund Green Gold A (SPC)	OT	OT	CYM	01/26	USD	900.08	-6.7	-21.6	0.1
Superfund Green Gold B (SPC)	OT	OT	CYM	01/19	USD	1035.58	10.7	-18.2	2.2
Superfund Q-AG*	OT	OT	AUT	01/26	EUR	6178.00	-6.7	-30.0	-0.5
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	12/31	EUR	196.82	-4.4	-4.4	7.7
Winton Futures GBP Cls D	OT	OT	VGB	12/31	GBP	212.85	-4.1	-4.1	8.7
Winton Futures JPY Cls E	OT	OT	VGB	12/31	JPY	13885.82	-5.9	-5.9	5.0
Winton Futures USD Cls B	OT	OT	VGB	12/31	USD	699.39	-4.6	-4.6	7.4

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MARKETS

Tech, American Express depress U.S. indexes

By Donna Kardos Yesalavich And Kristina Peterson

NEW YORK—U.S. stocks fell Thursday, putting major indexes on track for their worst monthly showing since February 2009.

Technology stocks led the day's decline as investors registered their disappointment with **Apple**'s new tablet device. Worse-than-expected reports on U.S. jobless claims and durable goods also hurt sentiment.

ABEAST OF THE MARKET

The Dow Jones Industrial Average was down 137.62, or 1.3%, at 10098.54 in midday trade. The decline marks the Dow's first time below 10100 since November. It has lost more than 3% this month.

American Express was the Dow measure's worst performer, off 4.4%. Diversified manufacturer **3M** dropped 2.8%, despite a 74% surge in its fourth-quarter profit, better than Wall Street analysts had forecast, and a boost to the company's 2010 earnings outlook.

Among technology stocks, **Hewlett-Packard** fell 3.5%, **Intel** slipped 2.3% and **Cisco** dropped 2.9%.

Apple, which isn't a Dow component, slid 3.6%. On Wednesday, the company introduced its new tablet computer, the iPad, but expectations appeared to have gotten too high prior to the product's unveiling.

"The anticipation was a lot bigger than the climax of the event, and I think at the end of the day, people have just a little bit of a hangover," said Burt White, chief investment officer at LPL Financial.

Also contributing to the tech sector's slide, **Qualcomm** tumbled 14% after the cellphone chip-maker cut its sales outlook.

Overall, the technology-heavy Nasdaq Composite skidded 2.2% to 2173.46. The Standard & Poor's 500-share index dropped 1.4% to 1082.38.

Procter & Gamble was one of the Dow's few gainers. Its shares climbed 2% after the consumer-products company's quarterly earnings came in above estimates.

European stocks

European markets fell for the sixth time in seven sessions amid further worries about Greece's budget deficit and concerns over the strength of the global recovery.

The pan-European Stoxx 600 index fell 1.1% to 244.61, while the U.K.'s FTSE 100 index was down 1.4% to 5145.74. France's CAC-40 index closed 1.9% lower at 3688.79 while Germany's DAX was off 1.8% at 5540.33.

Pharmaceutical giant **AstraZeneca** slid 4.6% in London on a sobering outlook.

Nokia soared 9.9% in Helsinki on a forecast-beating jump in fourth-quarter profit from the the world's largest maker of mobile phones.

Swedish fashion chain **Hennes & Mauritz** jumped 8.4% on strong fourth-quarter results.

SKF shares fell 7% in Stockholm on disappointing earnings.

Euro tumbles below $1.40 on credit fears

By Fabio Alves

NEW YORK—The euro tumbled below $1.40 Thursday amid mounting concerns about sovereign debt in the nations that use the common currency.

CURRENCY MARKETS

Investor sentiment further deteriorated late morning in New York after rating provider Standard & Poor's said it no longer classified the U.K. among the most stable and low-risk banking systems globally. That pushed the yield spread between 10-year Greek government bonds and equivalent German securities to a record 4.05 percentage points. The cost of insuring Greek bonds against default also hit a record.

The euro touched $1.3930, the lowest since July 14, and sank to a five-month low against the U.K pound, at £0.8603, before recouping some of the lost ground.

"Continued deterioration of the sentiment towards fiscally weaker euro zone members is clearly" weighing on the euro, said Vassili Serebriakov, foreign exchange strategist at Wells Fargo in New York.

By midday in New York, the euro was at $1.3973 from $1.4022 late Wednesday. The dollar moved to 89.75 yen from 90.05 yen. The euro weakened to 125.41 yen from 126.27 yen. The U.K. pound moved to $1.6143 from $1.6166, while the dollar strengthened to 1.0523 Swiss francs from 1.0501 francs.

Earnings, Fed news help Tokyo end losing streak

By V. Phani Kumar And Colin Ng

Asian stock markets rebounded Thursday as the U.S. Federal Reserve's more upbeat economic assessment and strong corporate earnings reports spurred investors to buy into beaten-down regional stocks.

ASIAN-PACIFIC STOCKS

The rebound came in the wake of overnight gains on Wall Street, after the Fed left interest rates unchanged. "The Fed's tone over employment and investment was more positive than before, raising expectations for a recovery in consumer spending," said Jung Seung-jae at Mirae Asset Securities in Seoul.

In Tokyo, the Nikkei Stock Average of 225 companies gained 1.6% to 10414.29, snapping a four-day losing streak.

NEC Electronics surged 14% on a smaller-than-expected fiscal third-quarter loss. **Canon** gained 1.8% after its net profit for the quarter ended Dec. 31 jumped to more than five times the year-earlier figure. **Honda Motor** rose 3.3% and **Sony** jumped 4.9% after the Nikkei newspaper reported they expect a sharp recovery in profits on strong overseas demand, with the yen's decline against major currencies supporting the advance.

But **Toyota Motor** remained under pressure, down 3.9%, on continuing concerns following its recall of vehicles and the halt of sales of eight models in the U.S.

Nikko Cordial senior strategist Tsuyoshi Kawata said investors' mood was still somewhat cautious. "Short-covering is kicking in on Wall Street's gains and a lull in yen strengthening, but there aren't any strongly positive cues to lift market sentiment."

In Hong Kong, the Hang Seng Index rose 1.6% to 20356.37, breaking a six-session losing streak. Heavyweight **HSBC Holdings** as well as Chinese lenders rose on bargain hunting after a string of recent declines. HSBC gained 1.2%, **Industrial & Commercial Bank of China** advanced 3.6% and **China Construction Bank** added 3.2%.

Cnooc soared 4.2% after Citigroup upgraded the stock to a "buy" from "sell" after a sharp decline in the share price recently.

In Shanghai, the gains were more modest, with the composite index climbing 0.3% to 2994.14 amid lingering concerns over credit tightening. It was the first rise in five sessions. Property and airline shares led the market higher, but banks remained weak. **Air China** jumped 3.5% and **Poly Real Estate Group** gained 1.2%, but among banks, ICBC fell 0.8% and CCB dropped 0.5%.

In Seoul, the Kospi rose 1% to 1642.43. **Hyundai Motor** gained 4.1% after reporting that its fourth-quarter net profit nearly quadrupled from a year earlier.

In Singapore, the Straits Times Index gained 1.9% to close at 2757.68.

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Concentra AE	EU	EQ	DEU	01/28	EUR	49.89	-5.3	41.9	-8.1
Industria AE	EU	EQ	DEU	01/28	EUR	71.09	-1.5	35.6	-12.8
InternRent AE	EU	BD	DEU	01/28	EUR	36.49	4.0	3.8	10.4

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Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
CAM-GTF Limited	AS	EQ	MUS	01/22	USD	280871.44	2.3	111.2	7.9

GAM

■ GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	01/22	USD	1278.23	2.8	24.8	-6.4
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	01/25	JPY	15087.02	-2.9	69.5	4.0
GAM Asia Equity Hedge US	OT	OT	VGB	01/25	USD	282.10	-2.8	72.3	5.5
GAM Asia Equity USD	OT	OT	VGB	01/27	USD	593.80	-9.2	66.7	-11.5
GAM Asia-Pacific Eq USD	OT	OT	VGB	01/26	USD	1292.35	0.7	29.4	-8.2
GAM Com Glb Bal EUR Op	US	BA	VGB	01/18	EUR	96.46	2.2	18.0	-6.8
GAM Com Glb Bal USD Op	US	BA	VGB	01/18	USD	130.62	2.2	18.0	-6.8
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	01/18	EUR	99.65	2.9	27.5	-12.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	01/18	USD	131.18	2.9	27.5	-12.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	01/18	EUR	87.30	2.2	19.7	-10.3
GAM Comp Glb Gr USD Op	US	BA	VGB	01/18	USD	129.91	2.2	19.7	-10.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	01/22	USD	240.75	-3.2	37.5	-7.6
GAM Cross Trading Inc	OT	OT	VGB	01/18	USD	466.75	0.2	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	01/18	CHF	94.64	0.3	3.8	-6.6
GAM Diversity EUR Op	OT	OT	VGB	01/18	EUR	651.02	0.4	4.6	-5.0
GAM Diversity USD 2.5XL	OT	OT	VGB	01/18	USD	78.96	0.9	8.4	NS
GAM Diversity USD Op	OT	OT	VGB	01/18	USD	683.63	0.4	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	01/18	CHF	99.76	0.3	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	01/18	EUR	139.17	0.3	4.1	-5.1
GAM Dvrsty II USD Op	OT	OT	VGB	01/18	USD	210.79	0.3	NS	-5.4
GAM DvrstyIII EUR Op	OT	OT	VGB	01/18	EUR	115.90	0.3	4.1	-5.3
GAM DvrstyIII USD Op	OT	OT	VGB	01/18	USD	122.35	0.3	4.2	-5.4
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	01/25	EUR	220.77	0.9	13.6	-2.4
GAM Euro Eq Hdg USD Op	OT	OT	VGB	01/25	USD	204.98	0.8	14.0	-0.9
GAM European Equity USD	OT	OT	VGB	01/26	USD	281.27	-4.1	34.2	-11.0
GAM GAMCO	OT	EQ	VGB	01/26	USD	786.89	-2.9	46.9	-6.7
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	01/25	EUR	97.11	-0.8	13.8	-15.2
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	01/25	USD	102.47	-0.7	14.7	-14.5
GAM Gbl Divers USD Inc.	GL	EQ	VGB	01/25	USD	254.84	2.0	35.4	-3.3
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	01/25	USD	280.36	-2.2	109.4	20.0
GAM Intrst Trend II	GL	BD	VGB	01/18	USD	101.98	8.3	50.3	-5.9
GAM Intrst Trend Inc	OT	OT	VGB	01/25	USD	273.99	8.9	67.8	-2.9
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	01/25	EUR	125.50	7.5	14.4	-0.2
GAM Japan Eq Hdg USD Op	OT	OT	VGB	01/25	USD	129.95	6.5	20.6	NS
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	01/25	JPY	8943.37	6.4	18.7	-11.8
GAM Japan USD	JP	EQ	VGB	01/27	USD	1137.78	3.2	17.7	-13.1
GAM Japan YEN	JP	EQ	VGB	01/27	JPY	8985.03	1.8	21.5	-18.7
GAM Money Mkt EuroOp	EU	MM	VGB	01/26	EUR	51.15	0.1	0.2	1.6
GAM Money Mkt USD	US	MM	VGB	01/26	USD	100.02	0.1	0.0	0.7
GAM Multi-Arb EUR Op	OT	OT	VGB	01/18	EUR	112.02	0.7	-0.1	-9.0
GAM Multi-Arb USD Op	OT	OT	VGB	01/18	USD	116.95	0.8	0.1	-9.3
GAM Multi-China EUR Op	OT	OT	VGB	01/18	EUR	170.82	1.7	14.5	-5.4
GAM Multi-China USD Op	OT	OT	VGB	01/18	USD	179.57	1.7	15.1	-6.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	01/18	GBP	133.88	1.8	26.2	-1.2
GAM Multi-Emer Mkts USD	OT	OT	VGB	01/18	USD	662.56	1.8	26.2	-1.6
GAM Multi-Eur EUR Op	OT	OT	VGB	01/18	EUR	271.20	0.9	7.7	-8.1
GAM Multi-Eur II EUR Op	OT	OT	VGB	01/18	EUR	139.54	0.9	7.6	-8.2
GAM Multi-Eur II USD Op	OT	OT	VGB	01/18	USD	114.03	0.8	7.2	-9.2
GAM Multi-Eur USD Op	OT	OT	VGB	01/18	USD	471.70	0.9	7.3	-9.1
GAM Multi-Nth Am EUR Special	OT	OT	VGB	01/18	EUR	134.47	0.4	NS	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	01/18	USD	218.87	0.3	11.6	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	01/18	EUR	145.11	1.2	6.5	-3.3
GAM Multi-Pac USD Op	OT	OT	VGB	01/18	USD	167.38	1.2	6.5	-3.7
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	01/15	USD	2721.43	3.2	66.0	10.8
GAM Sing/Malaysia	AS	EQ	VGB	01/27	USD	2356.59	-6.7	54.1	-11.3
GAM Sterling Spe Bd Inc	OT	OT	VGB	01/25	GBP	238.89	3.9	43.1	5.1
GAM Trading EUR Inc	OT	OT	VGB	01/18	EUR	325.76	0.2	5.2	5.6
GAM Trading USD Inc	OT	OT	VGB	01/18	USD	974.91	0.2	5.4	4.9
GAM Trdg II IncEUR Op	OT	OT	VGB	01/18	EUR	139.32	0.2	5.1	5.5
GAM Trdg II IncUSD Op	OT	OT	VGB	01/18	USD	316.56	0.2	5.4	4.9
GAM Trdg IV IncEUR Op	OT	OT	VGB	01/18	EUR	147.04	0.2	4.9	5.2
GAM Trdg IV IncUSD Op	OT	OT	VGB	01/18	USD	154.82	0.2	5.2	4.8
GAM Trdg V IncEUR Op	OT	OT	VGB	01/18	EUR	124.70	0.2	4.9	5.1
GAM Trdg V IncUSD Op	OT	OT	VGB	01/18	USD	129.84	0.2	5.1	4.8
GAM TrdgIII IncEUR Op	OT	OT	VGB	01/18	EUR	157.33	0.2	5.1	5.3
GAM TrdgIII IncUSD Op	OT	OT	VGB	01/18	USD	162.82	0.2	5.2	4.8
GAM USDSpecBondInc	US	BD	VGB	01/25	USD	559.26	5.5	74.6	9.5
GAM Worldwide	GL	EQ	VGB	01/26	USD	2154.27	-3.2	36.8	-8.1
GAMut Investments	OT	OT	VGB	01/20	USD	7685.65	1.4	4.4	8.8

■ GAM Star Fund Plc

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	01/26	CHF	10.29	-6.8	52.6	-13.0
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	01/26	EUR	11.19	-6.0	57.9	-8.2
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	01/26	GBP	1.45	-7.6	46.0	-0.3
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	01/26	USD	12.37	-7.8	68.8	-9.8
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	01/26	EUR	103.37	2.2	29.1	-9.9
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	01/26	EUR	100.04	2.2	29.1	-9.9
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	01/26	EUR	10.72	-2.5	27.3	-6.5
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	01/26	EUR	179.01	-2.2	27.8	-9.3
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	01/26	EUR	163.57	-2.2	27.8	-9.3
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	01/26	USD	15.36	-4.0	36.4	-10.9
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	01/26	USD	13.93	-4.0	36.4	-10.9
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	01/26	USD	5.33	-2.8	36.8	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	01/26	EUR	93.12	5.9	21.7	-8.4
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	01/26	EUR	93.12	5.9	21.7	-8.4
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	01/26	JPY	948.51	3.0	28.9	-17.9
GAMStar-JpnEq USD Acc	JP	EQ	IRL	01/26	USD	11.63	4.6	24.4	-12.5
GAMStar-World EqUSD Acc	GL	EQ	IRL	01/26	USD	2168.49	-3.1	37.8	-7.6

Manulife Wealth Management 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
American Growth	US	EQ	LUX	01/28	USD	14.84	-3.0	29.2	-10.0
American Growth AA	US	EQ	LUX	01/28	USD	0.85	-3.0	28.8	-7.6
Asian Equity	AS	EQ	LUX	01/28	USD	2.31	-7.4	68.7	-9.5
Asian Equity AA	AS	EQ	LUX	01/28	USD	0.74	-7.5	68.0	-9.8
Asian Sm Cap Equity AA	AS	EQ	LUX	01/28	USD	1.12	-4.0	92.7	-4.1
China Value A	AS	EQ	LUX	01/28	USD	6.53	-9.6	61.9	-6.5
China Value AA	AS	EQ	LUX	01/28	USD	2.05	-9.7	61.5	-6.7
Dragon Growth	AS	EQ	LUX	01/28	USD	1.52	-9.3	63.7	-10.2
Dragon Growth AA	OT	OT	LUX	01/28	HKD	7.38	-9.1	63.6	-11.1
Emg Eastrn Europe A	EU	EQ	LUX	01/28	USD	4.66	0.9	119.9	-14.1
Emg Eastrn Europe AA	EU	EQ	LUX	01/28	USD	2.01	0.9	119.5	-14.3
European Growth	EU	EQ	LUX	01/28	USD	8.81	-3.2	58.9	-15.3
European Growth AA	EU	EQ	LUX	01/28	USD	0.63	-3.2	58.5	-15.5
Global Contrarain AA	GL	EQ	LUX	01/28	USD	0.89	0.6	92.3	NS
Global Property AA	OT	EQ	LUX	01/28	USD	0.65	-4.0	56.2	-12.9
Global Resources AA	OT	EQ	LUX	01/28	USD	1.02	-4.6	43.7	-12.4
Healthcare AA	OT	EQ	LUX	01/28	USD	0.94	-0.4	17.3	NS
India Equity AA	EA	EQ	LUX	01/28	USD	1.03	-6.9	78.3	-17.5
International Growth	GL	EQ	LUX	01/28	USD	2.99	-2.3	27.9	-13.2
International Growth AA	GL	EQ	LUX	01/28	USD	0.69	-2.4	27.6	-13.4
Japanese Growth	JP	EQ	LUX	01/28	USD	2.80	1.6	14.2	-10.6
Japanese Growth AA	JP	EQ	LUX	01/28	USD	0.74	2.2	14.6	-10.5
Latin America Equity AA	GL	EQ	LUX	01/28	USD	1.18	-7.1	92.6	-2.7
Manulife GF Strategic Income Fund AA	OT	OT	NA	01/28	USD	1.00	0.2	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	01/28	USD	1.12	-3.5	NS	NS
Russia Equity AA	EE	EQ	LUX	01/28	USD	0.66	5.5	159.2	-18.5
Taiwan Equity AA	AS	EQ	LUX	01/28	USD	1.01	-8.6	87.9	2.0
Turkey Equity AA	EE	EQ	LUX	01/28	USD	0.81	5.0	140.2	-2.7
U.S. Bond AA	US	BD	LUX	01/28	USD	1.12	1.7	18.7	7.5
U.S. Sm Cap Equity AA	US	EQ	LUX	01/28	USD	0.83	0.2	70.4	-7.9
U.S. Special Opportunities	OT	OT	LUX	01/28	USD	0.84	4.1	87.0	4.7
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	01/28	USD	1.14	0.9	10.2	2.2

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Indonesian Grth Fund	EA	EQ	CYM	01/20	USD	135.86	6.7	122.6	3.5

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Asia Value Formula Fd-B	AS	EQ	CYM	01/27	USD	7.67	-4.4	95.7	-4.0

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Bonds Eur Hi Yld A	OT	OT	LUX	01/26	EUR	21.13	2.6	55.8	2.7
Bonds EURO A	OT	OT	LUX	01/26	EUR	41.26	0.5	7.2	4.7
Bonds EUROPE A	OT	OT	LUX	01/27	EUR	39.37	0.7	5.8	4.1
Bonds US OppsCoreplus A	OT	OT	LUX	01/26	USD	37.48	1.6	16.5	8.2
Bonds World A	OT	OT	LUX	01/26	USD	42.18	0.4	10.5	5.0
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	01/27	USD	9.69	-7.0	71.0	-10.9
Eq. China A	AS	EQ	LUX	01/27	USD	21.43	-11.2	64.7	-13.0
Eq. Concentrated Euroland A	OT	OT	LUX	01/27	EUR	88.58	-4.7	22.5	-15.7
Eq. ConcentratedEuropeA	EU	EQ	LUX	01/26	EUR	26.51	-1.9	37.4	-13.5
Eq. Emerging Europe A	OT	OT	LUX	01/27	EUR	24.06	2.1	95.8	-20.3
Eq. Euroland A	EU	EQ	LUX	01/27	EUR	10.32	-4.6	21.6	-16.6
Eq. Euroland Small Cap A	OT	OT	LUX	01/27	EUR	140.66	-0.3	43.6	-5.1
Eq. EurolandCyclclsA	EU	EQ	LUX	01/27	EUR	17.44	-2.0	34.7	-10.8
Eq. EurolandFinancialA	OT	EQ	LUX	01/27	EUR	10.48	-7.4	43.9	-19.2
Eq. Glbl Emg Cty A	GL	EQ	LUX	01/27	USD	8.79	-9.2	63.6	-15.0
Eq. Global A	GL	EQ	LUX	01/27	USD	27.05	-2.9	35.6	-10.7
Eq. Global Energy A	OT	EQ	LUX	01/26	USD	17.69	-2.5	25.8	-10.4
Eq. Global Resources A	OT	OT	LUX	01/27	USD	102.01	-6.6	44.9	-11.8
Eq. Gold Mines A	OT	EQ	LUX	01/27	USD	27.94	-7.8	35.1	-7.2
Eq. India A	OT	OT	LUX	01/27	USD	122.12	-6.6	77.8	-17.5
Eq. Japan CoreAlpha A	OT	OT	LUX	01/27	JPY	7527.29	3.8	32.7	-7.9
Eq. Latin America A	OT	OT	LUX	01/26	USD	106.42	-8.5	75.5	-9.9
Eq. US Lg Cap Gr A	US	EQ	LUX	01/27	USD	14.83	-2.8	37.4	-8.1
Eq. US Rel Val A	US	EQ	LUX	01/26	USD	20.22	-1.8	36.8	-12.0
Eq. US Sm Cap Val A	US	EQ	LUX	01/27	USD	15.65	-1.9	30.3	-16.2
Money Market EURO A	EU	MM	LUX	01/26	EUR	27.40	0.0	0.8	2.5
Money Market USD A	US	MM	LUX	01/26	USD	15.83	0.0	0.4	1.5

المستثمر الوطني The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
TNI Mena Real Estate Fund	OT	OT	BMU	01/21	USD	942.77	-1.9	1.9	-30.0
TNI MENA Special Sits Fund	OT	OT	BMU	12/31	USD	1079.31	11.2	11.2	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	01/21	AED	5.04	-5.5	13.6	-35.5

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
*formerly known as China ABH Shares Fund

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Intel-Chin MainInd Foc	AS	EQ	CYM	01/15	USD	30.29	1.5	99.7	5.9
Intel-China Converg*	AS	EQ	CYM	01/15	USD	115.18	1.0	99.9	4.9
VP Classic - A	AS	EQ	CYM	01/27	USD	173.82	-6.8	89.1	1.4
VP CLassic - B	AS	EQ	CYM	01/27	USD	80.99	-6.8	80.3	0.9
VP High Dividend Stk	AS	EQ	CYM	01/25	USD	44.72	-1.6	84.6	4.3

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	01/28	JPY	9322.00	-2.6	16.5	-20.8
YMR-N Small Cap Fund	OT	OT	IRL	01/28	JPY	6889.00	-2.9	13.5	-19.6
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	01/28	JPY	6046.00	-1.7	10.1	-21.2
Yuki 77 Growth	JP	EQ	IRL	01/28	JPY	5533.00	-1.9	5.1	-25.8
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	01/28	JPY	6788.00	-0.6	16.5	-17.0
Yuki Chugoku JpnLowP	JP	EQ	IRL	01/28	JPY	7656.00	1.5	2.7	-17.2
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	01/28	JPY	4635.00	-0.8	11.3	-21.0
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	01/28	JPY	5214.00	-0.6	7.9	-15.9
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	01/28	JPY	5013.00	-1.8	13.5	-16.9
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	01/28	JPY	4324.00	-2.2	12.4	-25.2
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	01/28	JPY	4573.00	-2.0	12.4	-25.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	01/28	JPY	6830.00	-2.0	22.5	-19.5
Yuki Mizuho Jpn Gen	OT	OT	IRL	01/28	JPY	8422.00	-2.3	16.4	-18.9
Yuki Mizuho Jpn Gro	OT	OT	IRL	01/28	JPY	6237.00	-1.9	9.8	-21.5
Yuki Mizuho Jpn Inc	OT	OT	IRL	01/28	JPY	7567.00	-0.9	1.8	-18.6
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	01/28	JPY	5152.00	-0.7	14.9	-19.2
Yuki Mizuho Jpn LowP	OT	OT	IRL	01/28	JPY	11446.00	-1.0	12.0	-14.3
Yuki Mizuho Jpn PGth	OT	OT	IRL	01/28	JPY	7785.00	-2.2	12.4	-24.1
Yuki Mizuho Jpn SmCp	OT	OT	IRL	01/28	JPY	7005.00	-1.8	21.3	-17.8
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	01/28	JPY	5612.00	-0.6	16.3	-16.4
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	01/28	JPY	2682.00	-1.6	16.5	-25.9
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	01/28	JPY	5326.00	-1.8	15.8	-18.2

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

APPLE'S BIG PUSH

New device revives gadget debate

Consumer electronics makers are split on all-in-one gizmos versus products with specialized purpose

By Geoffrey A. Fowler And Yukari Iwatani Kane

The unveiling of **Apple** Inc.'s iPad renews a classic gadget debate: Do consumers want purpose-built devices that do one thing and one thing well, or all-in-one wonders that try to accomplish many different tasks?

Amazon.com Inc. proved that there is a market for a single-purpose digital-book reader with its Kindle, which features a black and white E Ink Corp. screen that is supposed to be easy on the eyes and battery—but doesn't do much more than show words on a page. After less than three years on the market, Amazon says the Kindle has become the most popular item the giant online store sells.

Yet with new tablet devices that promise to be the digital equivalent of Swiss army knives, Apple and other electronics companies are arguing that the Kindle's days are numbered.

This year "is going to be the beginning of the tablet revolution," said video-chip maker **Nvidia** Corp. Chief Executive Jen-Hsun Huang at the Consumer Electronics Show earlier this month.

Even before the iPad was unveiled Wednesday, **Hewlett-Packard** Co. had showed off a slate computer designed to display printed content and video. Lenovo Group Ltd. in June will begin selling a $999 hybrid device called the IdeaPad U1 that splits into two pieces. Separated, it is a color touch-screen tablet that's good for reading and browsing the Web, and snapped together it becomes a full-power laptop with keyboard. Virginia start-up EnTourage Systems Inc. is selling what it calls a "dualbook," a fold-up device with a color touch screen on one side for Web browsing and a black-and-white screen on the other that's optimized for long-form reading.

Apple Chief Executive Steve Jobs on Wednesday drove home the all-in-one idea with the iPad. It lets consumers email photos, watch video, listen to music, play games in addition to reading e-books. "In order to really create a new category of devices, those devices are going to have to be far better at doing some key tasks," Mr. Jobs said. "We think we've got the goods. We think we've done it."

How successful this new generation of multipurpose tablets will be depends on having the right content for a 10-inch screen, said Taiwanese computer company Micro-Star International Co., which launched a Windows-based tablet device several years ago. "It has to fit into the user's daily life," said Jason Lee, director of component marketing at Micro-Star.

Micro-Star's tablet and others like it haven't sold well in the past. Still, analysts say Apple's iPad is entering a more promising market where more consumers are getting used to the idea that all of their electronics devices must be Internet-connected. Today, people use their computers not only as a work or study tool but as entertainment devices to read news, socialize with friends, or watch video.

Amazon Chief Executive Jeff Bezos declined to comment on the iPad. But in past interviews, he has vociferously defended the need for a device that's really good just for reading.

"The best analogy I can give is cameras," Mr. Bezos said at the launch of the second-generation Kindle. "I love having a camera on my cellphone, but I also have a compact camera and I have a SLR camera. If photography is important enough to you, you want a device that is perfect for that. Reading is important enough that it deserves a dedicated device."

Despite Mr. Bezos's stance, there are signs that even Amazon is hedging its bets on convergence. In the last year, the Seattle company has developed software that allows Kindle books to be read on devices such as the iPhone, iPad and PCs. Last week, Amazon disclosed it would be inviting software developers to create programs that would allow the Kindle to run "active content," akin to the apps used on smart phones and tablets.

"Kindle is capable of offering readers a broad range of content that goes beyond what the book is today," Drew Herdener, an Amazon spokesman said at the company's announcement. Indeed, some analysts say Amazon could yet come out with its own multimedia tablet.

Up close | Apple's new gadget will compete with several specialized devices

Books
New iBookstore will offer titles from all five major publishers.
Amazon Kindle

Games
Runs existing iPhone apps and games; has accelerometer that senses movements.
Nintendo DSi

Email & Web
Has Safari browser but not Flash video; no multitasking.
Netbook

Music & Video
Connects with iTunes Store and can play high-definition videos, but no built-in camera
iPod Nano

iPad Specs

Price	$499-$829
Screen	9.7-inch touch screen
Weight	680 or 730 grams
Wireless	Wi-Fi; 3G optional
Storage	16GB-64GB
Chip	1 GHz Apple processor

Source: the company

Photos: Getty Images (netbook); Bloomberg News (Kindle); Apple (iPod, iPad); Business Wire (Nintendo DSi)

Analysts expect iPad to give lift to Asian suppliers

Apple Inc.'s iPad device may significantly increase demand for components such as touch screens and memory chips, especially if it succeeds in creating a new product category and spawning competitors, according to industry analysts.

By Aaron Back, Jung-Ah Lee And Charmian Kok

Analysts say that would be a boon to Asian suppliers, including display makers such as **LG Display** Co.; chip makers such as **Samsung Electronics** Co. and **Toshiba** Corp.; touch-screen makers **Wintek** Corp. and **Sintek Photronic** Corp.; and assemblers such as **Hon Hai Precision Industry** Co., which uses the trade name Foxconn. Shares of these companies all rose Thursday in Asia.

Apple hasn't identified its iPad suppliers and an Apple spokeswoman declined to comment.

Like many technology brands, Apple doesn't actually manufacture most of its products. It hires manufacturing specialists—mainly Taiwanese companies that have extensive operations in China—to assemble its gadgets based on Apple's designs. They, in turn, use parts from large and small manufacturers many in Taiwan, Japan and Korea.

Apple suppliers in Asia

NAND flash memory:
- Samsung Electronics (South Korea)
- Toshiba (Japan)

LCD displays:
- LG Display (South Korea)
- Innolux Display (Taiwan)

Assembler:
- Hon Hai Precision Industry (Taiwan)

Touch-screen technology:
- Wintek (Taiwan)
- Sintek Photronic (Taiwan)

Source: Analysts

The iPod and iPhone devices have already been a boon to component manufacturers in Asia, and many are hoping for a repeat performance.

The true component mix won't be known until Apple begins shipping the device and third-party analysts can disassemble it to see what's inside. However, analysts keep their own list of likely suppliers.

"NAND flash memory chip makers such as Samsung, Toshiba, and **Intel** Corp. and **Micron** Corp.'s joint venture will likely see more demand since the device carries up to 64 gigabytes of storage," said Nam Hyung Kim, director of equity research at Arete. "This will be a good year for the memory-chip suppliers thanks to Apple and the rush by competitors to match Apple-like products."

Wanli Wang, an analyst at HSBC Securities, expects iPad shipments to be between 3 million and 10 million this year. "But given iPad's competitive pricing, we expect Apple to be able to ship up to the higher end of that range," the analyst said.

The iPad will be sold in various models that cost between US$499 and US$829, Apple said Wednesday.

According to a person familiar with the matter, LG Display has received a large volume order for displays used in the iPad. Shares in LG Display rose 4.7% to 40,300 won (US$34.44), outperforming the broader Kospi index, which rose 1%.

It is common practice for a company like Apple to buy the same component from multiple suppliers, but the person, who declined to be named, said LG is the main supplier of displays for the iPad and Apple "may not have many other vendors."

LG Display has already seen a sharp increase in its earnings in the fourth quarter and analysts say its earnings outlook for this year remains bright.

Analysts say a possible secondary source for the display panels is Taiwan-based manufacturer **Innolux Display** Corp., an affiliate of Hon Hai. Innolux officials couldn't immediately be reached for comment. The company's shares rose 6.3% to 53.70 New Taiwan dollars (US$1.68).

The touch-screen technology on the phones will likely be supplied by Taiwanese companies Wintek and Sintek, analysts said. Wintek spokesman James Chen declined to comment on the company's customers, but said the company would begin shipping midsize panels of the kind used in the iPad this year. Sintek officials couldn't be reached.

Charlie Lu, an analyst at Macquarie Securities, said he expects tablet computers to account for 10% of Wintek's revenue this year, the vast majority of that from iPad sales, assuming shipments of five million iPads this year. Wintek also makes touch screens for the iPhone, and Apple products make up about 30% of its revenue, Mr. Lu added.

The effect on Sintek will likely be less dramatic since touch-screens make up less of its business, Mr. Lu said. Shares of Wintek and Sintek rose 1.1% and 1.2%, respectively.

One attention-grabbing aspect of the iPad is the fact that it is made with an internally designed microprocessor, a departure from Apple's usual use of external semiconductor designs.

The iPad's memory chips will be NAND flash memory, a type of chip widely used in phones, including the iPhone, and digital cameras. Samsung and Toshiba are the world's two biggest NAND flash suppliers by revenue, and are likely to be iPad suppliers.

A Samsung spokeswoman declined to comment, while a Toshiba representative couldn't immediately be reached. Samsung shares rose 1% to 808,000 won, while Toshiba shares rose 3% to 512 yen ($5.69).

Analysts said the iPad's casing is likely to be made by Taiwan's **AVY Precision Technology** Inc., which manufactures aluminum alloy and plastic die casting products. The company declined to comment.

Hon Hai, known to be secretive about its customers, declined to comment, but it is known in the industry to be a longtime assembler of Apple products. Hon Hai shares rose 2.3% to NT$136.

—Ting-I Tsai contributed to this article.

APPLE'S BIG PUSH

Hits and misses | Some of Apple's high-profile product launches since it was founded in 1976:

1977: Apple II
With its beige case and color graphics, the $1,300 machine showed computers could appeal to more than hobbyists.

1984: Macintosh
The first computer, priced at $2,500, to introduce two pillars of modern computing, the mouse and graphical user interface, to a mass audience.

1998: iMac
The candy-colored all-in-one Macs signaled a new vitality for Apple after Steve Jobs returned to the company.

2001: iPod
The digital music player that, along with iTunes, transformed Apple into an electronics-and-entertainment powerhouse.

2007: iPhone
Its touch-sensing screen and sophisticated software made waves in the mobile phone market and attracted hoards of app developers.

CHAMPS

1970s | 1980s | 1990s | 2000s

DUDS

1983: Lisa
Although it had shared some of the Mac's innovative technologies, this computer bombed partly because of a $10,000 price tag.

1992: Newton
This personal digital assistant's poor handwriting recognition made it the laughingstock of the technology business.

1994: Pippin
A machine for games and entertainment, designed by Apple and built by Bandai, that suffered from a poor selection of software.

2000: Power Mac G4 Cube
An eye-catching square design wasn't enough to keep this expensive computer – $1,300 without a monitor – from flopping.

2007: Apple TV
This set-top box for getting Internet video on televisions hasn't had a clear selling point, leading even Steve Jobs to call it a 'hobby.'

2010: iPad
Steve Jobs calls the big screen tablet 'magical' and 'revolutionary,' but consumers will make that call in the years ahead.

Photos: Associated Press (Apple II, Macintosh, iMac, Newton); Getty Images (iPod, iPhone, Lisa, Apple TV); Reuters (Pippin); Apple (Cube); Bloomberg News (iPad)
Sources: Apple; WSJ reporting

Rubina Madan and Nick Wingfield/ The Wall Street Journal

A win for AT&T but at a cost

By Niraj Sheth

AT&T Inc. won the right to carry **Apple** Inc.'s high-profile iPad in the U.S., a coup for the company but on terms that further erode the wireless industry's carrier-centered model.

AT&T will offer two cellular-service plans for Apple's new device in the U.S., but neither will require the contracts that typically accompany its data plans for cell phones and laptops. The move, if followed by others, could push U.S. carriers further into the realm of being a conduit for devices and content produced elsewhere.

Apple Wednesday didn't mention any other carriers for the iPad besides AT&T, but said it planned to offer a version for international markets later this year.

"Apple has systematically tilted the wireless playing field more and more in their advantage," said Bernstein Research analyst Craig Moffett. "Apple extracts more and more of the value, while carriers get more and more of the cost."

The deal is the latest compromise in the long-running tussle of control between the carriers and Silicon Valley. Companies such as Apple and **Google** Inc. have their sights set on the mobile market and want the freedom to control the design of their devices and the way they're used. Carriers, meanwhile, are increasingly relying on data services for growth.

Apple's decision to go with AT&T was an important victory for the carrier, for which the iPhone has been a key engine of growth. AT&T has come under fire from iPhone users for poor service, particularly in dense areas including New York City and San Francisco. AT&T declined to comment on the strategy behind the data-plan prices or the risk of further congestion on its network.

A Familiar Feel for iPhone Users

By Geoffrey A. Fowler

With its introduction of the iPad, **Apple** Inc. has created a big brother to the iPhone. But it may also have redefined the laptop.

On Wednesday, the company allowed journalists to spend a few minutes playing with the iPad after it was unveiled. The most surprising thing about the gadget was its familiarity: Anyone who has used an iPhone or iPod touch would be able to start using the iPad right away.

The large glass screen—which is prone, like the iPhone's, to collect finger grease—is controlled by tapping and sliding a finger around. While some new applications and games make special use of multiple fingers and hands, there are no new gestures to learn or secret handwriting codes to decipher.

"They're not diverging too much at all from what we already have grown to expect from them, but that suits me just fine," said Mark Rolston, chief creative officer of design firm **Frog Design**, who followed the iPad's unveiling online. "It's truly the 'casual computer.'"

With its larger size, the iPad's virtual keyboard comes a step closer than the iPhone's to replicating a real keyboard, with "keys" people can touch with two hands and all of their fingers. But using it is still slower and more mistake-prone than typing on a mechanical keyboard because the virtual keyboard offers no tactile response.

Still, its 1.5 pounds and slim shape give the iPad some advantages over a regular laptop. It's like a "large-screen product that lives on the couch," said Yves Béhar, who designed the One Laptop Per Child machine at his design firm **Fuseproject**. "It will be the ultimate media controller and media consumption device."

Don Norman, a tech-design pioneer and professor of design at Northwestern University, went a step further. "I think it has redefined the computer," he said. "The laptop is now obsolete. The multitouch interface now extends to word processing and spreadsheets."

Getty Images
An attendee plays with the Apple iPad during an event in San Francisco where the device was unveiled Wednesday.

At Apple's event, reporters waited in a line outside the door for the chance to get in and touch the iPad. Some journalists laid out their **Amazon.com** Inc. Kindles and **Sony** Corp. Readers on the table to compare the two. No one seemed quite sure how to hold the Apple device, with some cradling it and others gingerly setting it on the table.

Indeed, the iPad is a delicate piece of electronics that people probably won't want to hand over to a young child. Even with a rounded metal edge protecting it, the glass screen could prove fragile.

And it still isn't clear how well the iPad will do outdoors or in direct sunlight. The room where Apple let reporters test the device was dim, and in there its back-lit screen looked bright. Amazon's Kindle, by comparison, does best in direct light, since its E Ink screen is reflective, like a piece of paper.

For long-form reading, the iPad is also larger and heavier than the entry-level Kindle. The iPad can be held with one hand, but that hand may soon tire.

Still, the iPad's color screen makes the e-books displayed on a virtual shelf look beautiful, and the device can show color photos and videos, which could make it particularly attractive to teachers and students. The iPad lacks a few elements that could make it a truly all-in-one device. While there's a microphone on the side, there's no camera on the front or back that would permit video calls with friends and family.

The iPad also has some disadvantages over a regular laptop. At least in the test model, it wasn't possible to run more than one application at a time. In addition, in the iPad's word-processing program, called Pages, there were none of the drop-down file menus and options that users have come to expect on regular computers.

And since the iPhone operating system can run only one application at a time, copying and pasting something from another app—such as a Web site—requires that you close the Pages app. Fortunately, the iPad auto-saves your work.

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Turkey	0.88%	2.4%	100.5%
Japan	0.62	0.9	13.1
Russia	2.38	0.1	111.6
Netherlands	0.57	-0.2%	37.7
Sweden	0.09	-0.3	61.3
Switzerland	0.15	-1.9	28.2
South Africa	0.37	-2.5	25.2
South Korea	1.74	-3.2	43.0
U.K.	-0.20	-3.7	24.4
Australia	0.58	-3.9	31.9
Canada	-0.80	-5.0	25.3
Singapore	1.90	-5.2	57.9
Italy	-0.28	-5.2	24.9
France	-0.51	-5.3	25.6
Spain	-0.24	-5.6	19.6
Germany	-0.47	-6.0	21.3
Hong Kong	1.57	-7.2	50.3
Brazil	-0.25	-11.1	87.7
China 88	-0.26	-11.6	46.3

Dow Jones Regional Sector Titans

Travel Leisure	0.10%	3.1%	30.2%
Pers H'hold Gds	0.56	2.3	29.2
EU Enlarged†-p	-1.24	0.2	49.1
Arab 50	0.65	-0.2%	22.6
Nordic 30 -p	0.23	-0.5	34.8
Asian 50	0.56	-0.8	36.3
Global 50	0.25	-3.0	27.8
Stoxx 50 -p	-1.05	-3.7	23.2
Tiger 50*	1.89	-5.4	62.4
Euro Stoxx 50 -p	-1.43	-6.0	20.0

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Thursday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Shinhan Financial Grp	South Korea	Banks	$17.2	41,700	6.24%	51.9%	-16.2%
KB Fncl Group	South Korea	Banks	17.5	52,300	5.34	46.2	-30.6
Sony	Japan	Consumer Electronics	34.1	3,085	4.93	61.6	-45.5
CNOOC	Hong Kong	Exploration Production	66.0	11.48	4.17	67.6	72.4
Westfield Grp	Australia	Retail REITs	26.4	12.71	4.10	3.8	-43.2
Toyota Motor	Japan	Automobiles	$124.3	3,560	-3.91%	16.7	-55.4
Nippon Steel	Japan	Iron Steel	23.3	334.00	-3.75	18.9	-53.9
Mizuho Financial Grp	Japan	Banks	27.8	178.00	-3.26	-27.4	-79.4
Woolworths	Australia	Food Retailers Wholesalers	29.0	26.19	-2.28	-3.7	8.0
JFE Hldgs	Japan	Iron Steel	18.5	3,150	-1.72	29.6	-54.3

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Indl Comm Bk China Hong Kong (Banks)	62.2	5.82	3.56%	72.2%	30.8%
Honda Motor Japan (Automobiles)	63.6	3,140	3.29	37.7	-33.3
China Constr Bk Hong Kong (Banks)	177.0	6.12	3.03	56.5	35.1
Nissan Motor Japan (Automobiles)	33.1	732.00	2.81	152.4	-52.3
Nintendo Japan (Toys)	37.3	26,320	2.49	-18.5	-24.6
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.3	136.00	2.26	165.1	-3.9
Panasonic Japan (Consumer Electronics)	33.6	1,462	2.24	26.0	-39.3
RioZim Ltd Australia (General Mining)	39.0	71.44	2.20	122.3	15.6
Sumitomo Mitsui Finl Japan (Banks)	33.3	2,975	1.85	-21.9	-75.2
Canon Japan (Electronic Office Equipment)	50.4	3,680	1.80	39.4	-42.1
Woodside Petroleum Australia (Exploration Production)	28.2	43.68	1.58	26.3	17.0
National Australia Bk Australia (Banks)	50.3	26.69	1.48	42.9	-34.6
Japan Tobacco Japan (Tobacco)	35.9	337,500	1.05	26.9	-40.8
Westpac Bking Australia (Banks)	64.3	24.58	1.03	56.6	-3.2
Samsung Elec South Korea (Semiconductors)	103.6	808,000	1.00	62.1	39.3
BHP Billiton Australia (General Mining)	122.8	40.70	0.99	32.8	55.1
China Mobile (HK) Hong Kong (Mobile Telecommunications)	190.9	74.60	0.95	6.6	1.4
Mitsui Japan (Industrial Suppliers)	27.0	1,342	0.90	36.9	-31.1
China Life Ins Hong Kong (Life Insurance)	32.7	34.15	0.89	64.6	52.8
Aus NZ Bk Australia (Banks)	49.9	22.15	0.87	66.9	-24.9

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Commonwlth Bk of Aus Australia (Banks)	75.3	55.10	0.86%	104.8%	9.5%
POSCO South Korea (Iron Steel)	36.9	559,000	0.72	51.9	64.2
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	48.6	60.00	0.67	50.0	-9.1
Takeda Pharm Japan (Pharmaceuticals)	35.4	4,045	0.62	-5.1	-49.2
Seven I Hldgs Japan (Broadline Retailers)	20.0	1,996	0.55	-19.5	-45.0
PetroChina Hong Kong (Integrated Oil Gas)	24.2	8.90	0.45	52.9	-7.0
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.9	2,510	0.44	-2.9	-43.2
Mitsubishi UFJ Finl Japan (Banks)	73.2	475.00	0.42	-9.9	-67.5
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	33.5	101.60	0.20	49.4	5.2
KDDI Japan (Mobile Telecommunications)	24.0	488,500	0.10	-13.4	-44.9
Mitsubishi Japan (Industrial Suppliers)	40.1	2,204	0.05	67.5	-10.4
Nippon T&T Japan (Fixed Line Telecommunications)	56.5	3,850	-0.26	-11.3	-38.0
Tokyo Elec Power Japan (Conventional Electricity)	36.5	2,435	-0.33	-12.7	-41.2
NTT DoCoMo Japan (Mobile Telecommunications)	63.2	136,500	-0.36	-14.7	-27.4
Cheung Kong Hong Kong (Real Estate Holding Development)	27.8	93.25	-0.37	35.3	-12.0
East Japan Railway Japan (Travel Tourism)	27.2	6,200	-0.48	-0.2	-28.2
QBE Ins Grp Australia (Reinsurance)	21.3	23.15	-0.56	-0.9	-25.1
Shin-Etsu Chml Japan (Specialty Chemicals)	22.5	4,790	-0.62	12.2	-39.4
Hutchison Whampoa Hong Kong (Diversified Industrials)	29.6	53.90	-0.74	43.0	-31.8
Kansai Elec Power Japan (Conventional Electricity)	21.9	2,072	-0.77	-14.0	-40.6

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.30%	0.03%	1.4%	-0.1%	6.5%
Event Driven	-0.46	0.76	2.4	0.6	14.5
Equity Long/Short	-1.75	-0.06	1.8	0.2	3.5

*Estimates as of 01/26/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

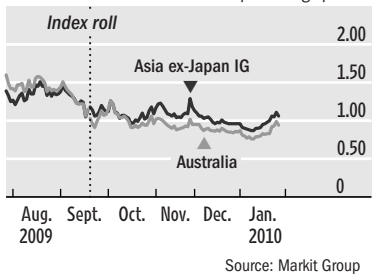
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.82	100.83%	0.01%	1.00	0.65	0.82
Eur. High Volatility: 12/1	1.18	99.18	0.01	1.76	0.92	1.31
Europe Crossover: 12/1	4.57	101.70	0.05	6.15	3.79	4.98
Asia ex-Japan IG: 12/1	1.06	99.72	0.01	1.29	0.87	1.05
Japan: 12/1	1.40	98.13	0.01	1.68	0.99	1.32

Note: Data as of January 27

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Nishimatsu Constr	526	-14	-19	-24
Genting Bhd	109	-5	7	10
Mitsui Chems	136	-5	4	16
Hynix Semicon	415	-5	15	-89
Isetan	81	-4	-4	-8
Telekom Malaysia	97	-4	10	11
Swire Pac	79	-3	7	3
Japan	84	-3	3	16
SK Energy	122	-3	12	16
Rep Indonesia	194	-3	3	2

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Acom	279	4	16	25
Suzuki Mtr	74	4	8	4
Kintetsu	91	5	6	1
Toyota Mtr	75	5	10	6
Chartered Semicon Mfg	155	6	24	2
Fujitsu	70	6	11	9
Sony	66	6	8	6
Marubeni	200	7	25	-8
Daiwa Secs Gp	131	8	11	-4
Sanyo Shinpan Fin	650	10	41	-161

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Japan

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Nomura	$1,300	30.1%	74%	16%	10%	...
Daiwa Securities SMBC Co Ltd	617	14.3	67	25	9	...
Mizuho	511	11.8	35	45	11	9%
Mitsubishi UFJ Securities	460	10.6	46	38	9	7
Morgan Stanley	230	5.3	72	16	12	...
Goldman Sachs	186	4.3	75	15	10	...
JPMorgan	167	3.9	74	6	20	...
Sumitomo Mitsui Banking Corp	122	2.8	36	25	5	34
Bank of America Merrill Lynch	105	2.4	53	18	29	...

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

	Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
	Corn (cents/bu.)	CBOT	**358.25**	unch.	**unch.**	712.25	315.50
	Soybeans (cents/bu.)	CBOT	**929.00**	unch.	**unch.**	1,560.00	805.00
	Wheat (cents/bu.)	CBOT	**487.00**	3.25	**0.67%**	1,029.25	459.00
	Live cattle (cents/lb.)	CME	**88.975**	-0.350	**-0.39%**	95.175	85.050
	Cocoa ($/ton)	ICE-US	**3,258**	-10	**-0.31**	3,510	1,994
	Coffee (cents/lb.)	ICE-US	**132.60**	-0.95	**-0.71**	188.65	115.00
	Sugar (cents/lb.)	ICE-US	**28.74**	0.38	**1.34**	30.10	11.91
	Cotton (cents/lb.)	ICE-US	**69.48**	0.25	**0.36**	84.00	49.67
	Crude palm oil (ringgit/ton)	MDEX	**2,451.00**	22	**0.91**	2,743	2,150
	Cocoa (pounds/ton)	LIFFE	**2,244**	-2	**-0.09**	2,350	1,310
	Robusta coffee ($/ton)	LIFFE	**1,336**	3	**0.23**	1,710	1,300
	Copper (cents/lb.)	COMEX	**318.40**	-3.85	**-1.19**	365.00	135.50
	Gold ($/troy oz.)	COMEX	**1087.30**	2.80	**0.26**	1,229.00	785.10
	Silver (cents/troy oz.)	COMEX	**1639.50**	-4.50	**-0.27**	2,011.50	1,045.00
	Aluminum ($/ton)	LME	**2,154.50**	-29.50	**-1.35**	2,356.50	1,288.00
	Tin ($/ton)	LME	**17,650.00**	-295.00	**-1.64**	18,250.00	9,945.00
	Copper ($/ton)	LME	**7,064.50**	-202.50	**-2.79**	7,695.00	3,145.00
	Lead ($/ton)	LME	**2,104.50**	-57.50	**-2.66**	2,615.00	995.00
	Zinc ($/ton)	LME	**2,168.00**	-105.00	**-4.62**	2,659.00	1,086.00
	Nickel ($/ton)	LME	**18,150**	165	**0.92**	21,150	9,475
	Crude oil ($/bbl.)	NYMEX	**74.05**	0.38	**0.52**	141.30	48.78
	Heating oil ($/gal.)	NYMEX	**1.9362**	0.0095	**0.49**	3.5280	1.3800
	RBOB gasoline ($/gal.)	NYMEX	**1.9259**	-0.0215	**-1.10**	2.2003	1.2176
	Natural gas ($/mmBtu)	NYMEX	**5.150**	-0.074	**-1.42**	12.590	4.550
	Brent crude ($/bbl.)	ICE-EU	**72.22**	-0.02	**-0.03**	98.10	49.10
	Gas oil ($/ton)	ICE-EU	**591.75**	-12.25	**-2.03**	688.00	502.25

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Jan. 28

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.3304	0.1876	3.8185	0.2619
Brazil real	2.6000	0.3846	1.8625	0.5369
Canada dollar	1.4817	0.6749	1.0615	0.9421
1-mo. forward	1.4818	0.6749	1.0615	0.9421
3-mos. forward	1.4819	0.6748	1.0616	0.9420
6-mos. forward	1.4821	0.6747	1.0617	0.9419
Chile peso	741.18	0.001349	530.95	0.001883
Colombia peso	2781.64	0.0003595	1992.65	0.0005019
Ecuador US dollar-f	1.3959	0.7164	1	1
Mexico peso-a	18.0876	0.0553	12.9572	0.0772
Peru sol	3.9903	0.2506	2.8585	0.3498
Uruguay peso-e	27.291	0.0366	19.550	0.0512
U.S. dollar	1.3959	0.7164	1	1
Venezuela bolivar	6.00	0.166802	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5558	0.6428	1.1145	0.8973
China yuan	9.5299	0.1049	6.8269	0.1465
Hong Kong dollar	10.8426	0.0922	7.7672	0.1287
India rupee	64.7442	0.0154	46.3800	0.0216
Indonesia rupiah	13017	0.0000768	9325	0.0001072
Japan yen	125.54	0.007966	89.93	0.011120
1-mo. forward	125.53	0.007966	89.92	0.011121
3-mos. forward	125.49	0.007969	89.89	0.011124
6-mos. forward	125.41	0.007974	89.84	0.011131
Malaysia ringgit-c	4.7619	0.2100	3.4113	0.2931
New Zealand dollar	1.9729	0.5069	1.4133	0.7076
Pakistan rupee	118.202	0.0085	84.675	0.0118
Philippines peso	64.451	0.0155	46.170	0.0217
Singapore dollar	1.9595	0.5103	1.4037	0.7124
South Korea won	1604.64	0.0006232	1149.50	0.0008699
Taiwan dollar	44.649	0.02240	31.985	0.03127
Thailand baht	46.213	0.02164	33.105	0.03021

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7164	1.3959
1-mo. forward	1.0001	0.9999	0.7164	1.3959
3-mos. forward	1.0002	0.9998	0.7165	1.3956
6-mos. forward	1.0008	0.9992	0.7169	1.3949
Czech Rep. koruna-b	26.256	0.0381	18.809	0.0532
Denmark krone	7.4440	0.1343	5.3326	0.1875
Hungary forint	272.37	0.003671	195.12	0.005125
Norway krone	8.2280	0.1215	5.8942	0.1697
Poland zloty	4.0840	0.2449	2.9256	0.3418
Russia ruble-d	42.397	0.02359	30.371	0.03293
Sweden krona	10.2485	0.0976	7.3416	0.1362
Switzerland franc	1.4706	0.6800	1.0535	0.9493
1-mo. forward	1.4703	0.6801	1.0533	0.9494
3-mos. forward	1.4698	0.6804	1.0529	0.9498
6-mos. forward	1.4688	0.6808	1.0522	0.9504
Turkey lira	2.0877	0.4790	1.4956	0.6687
U.K. pound	0.8649	1.1562	0.6196	1.6140
1-mo. forward	0.8651	1.1560	0.6197	1.6137
3-mos. forward	0.8655	1.1554	0.6200	1.6129
6-mos. forward	0.8661	1.1546	0.6204	1.6118
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5263	1.9002	0.3770	2.6526
Egypt pound-a	7.6296	0.1311	5.4655	0.1830
Israel shekel	5.2084	0.1920	3.7311	0.2680
Jordan dinar	0.9887	1.0114	0.7083	1.4119
Kuwait dinar	0.4017	2.4895	0.2878	3.4752
Lebanon pound	2094.62	0.0004774	1500.50	0.0006665
Saudi Arabia riyal	5.2350	0.1910	3.7502	0.2667
South Africa rand	10.6078	0.0943	7.5990	0.1316
United Arab dirham	5.1273	0.1950	3.6730	0.2723
SDR -f	0.8968	1.1151	0.6424	1.5566

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
52	**ASIA-PACIFIC**	**DJ Asia-Pacific**	121.60	0.92	**0.76%**	-1.2%	37.1%
....	Australia	**SPX/ASX 200**	4673.26	28.63	**0.62**	-4.1	32.5
....	China	**CBN 600**	2645.171	134.55	**0.51**	-9.0	58.9
19	Hong Kong	**Hang Seng**	20356.37	323.30	**1.61**	-6.9	54.7
19	India	**Sensex**	16306.87	17.05	**0.10**	-6.6	76.6
....	Indonesia	**Jakarta Composite**	2619.565	55.011	**2.15**	3.4	97.8
....	Japan	**Nikkei Stock Average**	10414.29	162.21	**1.58**	-1.3	26.2
....		**Topix**	914.32	6.65	**0.73**	0.7	11.7
....	Malaysia	**Kuala Lumpur Composite**	1264.51	-1.26	**-0.10%**	-0.6	43.2
....	New Zealand	**NZSX-50**	3183.604	-9.969	**-0.31**	-1.4	14.9
9	Pakistan	**KSE 100**	9579.81	-23.74	**-0.25**	2.1	84.8
14	Philippines	**Manila Composite**	2961.63	42.15	**1.44**	-3.0	59.2
....	Singapore	**Straits Times**	2757.68	51.42	**1.90**	-4.8	56.1
11	South Korea	**Kospi**	1642.43	16.95	**1.04**	-2.4	40.8
20	Taiwan	**Weighted**	7694.58	134.55	**1.78**	-6.0	81.1
10	Thailand	**SET**	689.72	-0.74	**-0.11**	-6.1	58.6
50	**EUROPE**	**DJ Stoxx 600**	245.29	-2.02	**-0.82**	-3.1	28.6
22		**DJ Stoxx 50**	2461.96	-26.86	**-1.08**	-4.5	24.1
62	**Euro Zone**	**DJ Euro Stoxx**	259.57	-2.71	**-1.03%**	-5.5%	24.2%
20		**DJ Euro Stoxx 50**	2749.14	-38.26	**-1.37**	-7.3	21.1
19	Denmark	**OMX Copenhagen**	329.88	2.23	**0.68%**	4.5	40.1
20	Finland	**OMX Helsinki**	6622.67	146.06	**2.26**	2.6	29.7
18	France	**CAC-40**	3688.79	-71.01	**-1.89**	-6.3	22.6
23	Germany	**DAX**	5540.33	-102.87	**-1.82**	-7.0	25.1
15	Italy	**FTSE MIB**	21603.13	-394.46	**-1.79**	-7.1	19.4
....	Netherlands	**AEX**	323.95	-3.31	**-1.01**	-3.4	28.4
....	Russia	**RTSI**	1460.98	14.62	**1.01**	2.4	175.3
10	Spain	**IBEX 35**	10829.3	-212.9	**-1.93**	-9.3	27.7
13	Switzerland	**SMI**	6442.41	-30.62	**-0.47**	-1.6	22.2
....	Turkey	**ISE National 100**	54770.46	699.44	**1.29**	3.7	109.3
14	U.K.	**FTSE 100**	5145.74	-71.73	**-1.37**	-4.9	22.8
21	**AMERICAS**	**DJ Americas**	288.89	-1.15	**-0.40**	-2.6	34.5
....	Brazil	**Bovespa**	64721.79	-348.00	**-0.53**	-5.6	62.7
....	Argentina	**Merval**	2290.50	-15.71	**-0.68**	-1.3	109.5
....	Mexico	**IPC**	30405.31	-205.52	**-0.67**	-5.3	54.9

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.20%	21	**DJ Global Index**	220.62	-0.10	**-0.04%**	-2.8%	37.3%	-7.4%
		Global DOW	1921.35	10.78	**0.56**	-3.2	36.4	-3.7
2.36		**Asia/Pacific 600**	115.21	0.40	**0.35**	0.5	27.2	-7.9
1.79	15	**Emerging Markets**	266.21	3.40	**1.29**	-4.9	77.5	2.0
2.18	52	**Asia/Pacific**	121.60	0.92	**0.76**	-1.2	37.1	-6.1
2.49	17	**Asia/Pacific ex-Japan**	300.49	4.26	**1.44**	-4.7	74.9	-0.8
2.66	23	**Southeast Asia**	154.26	2.81	**1.85**	-4.1	81.9	0.6
0.89	27	**CBN China 600** -c	26451.71	134.55	**0.51**	-9.0	58.9	11.2
0.92	30	**Shanghai**	355.64	1.57	**0.44**	-8.3	58.9	11.5
0.61	44	**Shenzhen**	385.68	4.27	**1.12**	-7.4	82.0	18.0
2.38	18	**China Offshore 50**	3743.08	74.14	**2.02**	-8.2	58.4	4.9
7.53	10	**Australia LPT** -c, d	1145.66	30.75	**2.76**	-1.5	14.6	-22.4

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.11%	15	**Islamic Market**	1922.98	-2.54	**-0.13%**	-2.6%	35.9%	-2.5%
2.40	16	**Islamic Market 100**	2070.84	-7.23	**-0.35**	-2.4	25.5	-3.2
9.47	16	**Bahrain**	123.04	-0.23	**-0.19**	1.1	-11.6	-12.9
2.99	37	**Kuwait**	187.96	-4.24	**-2.22**	-3.5	1.4	-16.8
2.63	20	**Sustainability**	972.70	-1.97	**-0.20**	-4.0	37.3	-8.5
2.72	50	**Stoxx 600 -p**	259.34	-2.51	**-0.96**	-4.7	35.1	-10.3
4.74	17	**Stoxx Select Div 30 -p**	1710.61	-23.54	**-1.36**	-4.8	34.4	-22.3
3.98	23	**Euro Stoxx Sel Div 30 -p**	2038.03	-22.96	**-1.11**	-4.2	38.5	-17.8
1.77	30	**DJ U.S. TSM**	11291.02	-51.66	**-0.46**	-1.8	32.5	-7.7
4.26	15	**U.S. Select Dividend -d**	639.14	-3.07	**-0.48**	-1.8	25.6	-10.6
4.87		**U.S. REIT**	139.34	-0.75	**-0.54**	-4.1	33.1	-21.0
		DJ-UBS Commodity -p	130.93	-2.68	**-2.00**	-5.9	17.7	-7.1

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.115	0.620	1.061	6.827	0.716	7.767	46.380	9324.88	89.930	1.413	1149.50	3.411	46.170	1.404	1.053	31.984	33.105
Australia	0.897		0.556	0.952	6.125	0.643	6.969	41.614	8366.75	80.690	1.268	1031.39	3.061	41.426	1.259	0.945	28.698	29.703
Britain	1.614	1.799		1.713	11.019	1.156	12.536	74.857	15050.35	145.147	2.281	1855.30	5.506	74.518	2.266	1.700	51.623	53.431
Canada	0.942	1.050	0.584		6.432	0.675	7.318	43.695	8785.04	84.724	1.332	1082.96	3.214	43.497	1.322	0.992	30.133	31.188
China	0.1465	0.163	0.091	0.155		0.105	1.138	6.794	1365.91	13.173	0.207	168.38	0.500	6.763	0.206	0.154	4.685	4.849
Euro	1.396	1.556	0.865	1.482	9.530		10.843	64.744	13017.06	125.538	1.973	1604.65	4.762	64.451	1.959	1.471	44.649	46.213
Hong Kong	0.129	0.143	0.080	0.137	0.879	0.092		5.971	1200.55	11.578	0.182	147.99	0.439	5.944	0.181	0.136	4.118	4.262
India	0.0216	0.0240	0.0134	0.0229	0.1472	0.0154	0.1675		201.05	1.9390	0.0305	24.78	0.0736	0.9955	0.0303	0.0227	0.6896	0.7138
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0096	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0034	0.0036
Japan	0.011	0.012	0.007	0.012	0.076	0.008	0.086	0.516	103.69		0.016	12.78	0.038	0.513	0.016	0.012	0.356	0.368
New Zealand	0.708	0.789	0.438	0.751	4.830	0.507	5.496	32.816	6597.82	63.630		813.33	2.414	32.668	0.993	0.745	22.631	23.423
South Korea	0.0009	0.0010	0.0005	0.0009	0.0059	0.0006	0.0068	0.0403	8.11	0.0782	0.0012		0.0030	0.0402	0.0012	0.0009	0.0278	0.0288
Malaysia	0.293	0.327	0.182	0.311	2.001	0.210	2.277	13.596	2733.57	26.363	0.414	336.97		13.535	0.411	0.309	9.376	9.705
Philippines	0.022	0.024	0.013	0.023	0.148	0.016	0.168	1.005	201.97	1.948	0.031	24.90	0.074		0.030	0.023	0.693	0.717
Singapore	0.712	0.794	0.441	0.756	4.863	0.510	5.533	33.041	6643.07	64.066	1.007	818.91	2.430	32.892		0.750	22.786	23.584
Switzerland	0.949	1.058	0.588	1.008	6.480	0.680	7.373	44.027	8851.75	85.367	1.342	1091.18	3.238	43.827	1.332		30.362	31.425
Taiwan	0.031	0.035	0.019	0.033	0.213	0.022	0.243	1.450	291.54	2.812	0.044	35.94	0.107	1.444	0.044	0.033		1.035
Thailand	0.030	0.034	0.019	0.032	0.206	0.022	0.235	1.401	281.68	2.717	0.043	34.72	0.103	1.395	0.042	0.032	0.966	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of January. 28, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	27	**ALL COUNTRY (AC) WORLD***	290.76	-0.37%	**n.a.**	27.7%
2.40	28	**World (Developed Markets)**	1,140.28	-0.28	**n.a.**	23.9
1.80	117	**World Small Cap**	188.97	-0.07	**n.a.**	40.8
2.50	23	**Kokusai (World ex-Japan)**	1,123.59	-0.20	**n.a.**	25.9
2.90	28	**EAFE**	1,532.07	-1.04	**n.a.**	23.8
2.00	20	**Emerging Markets (EM)**	928.71	-1.00	**n.a.**	63.8
2.40	24	**AC ASIA PACIFIC EX-JAPAN**	391.13	-1.31	**n.a.**	58.1
2.00	24	**AC Far East ex-Japan**	419.83	-0.82	**n.a.**	54.0
1.70	35	**Japan**	568.25	-0.99	**n.a.**	7.2
1.90	21	**China**	58.86	-0.66	**n.a.**	44.3
0.80	40	**China A (China Domestic)**	3,047.66	-1.20	**n.a.**	75.7
2.60	24	**Hong Kong**	9,509.98	-1.03	**n.a.**	45.1
0.90	21	**India**	659.17	-3.21	**n.a.**	78.5
1.00	17	**Korea**	461.27	-0.97	**n.a.**	50.3
2.40	20	**Malaysia**	465.47	-1.22	**n.a.**	44.9
2.90	18	**Singapore**	1,501.57	-1.35	**n.a.**	50.6
2.50	248	**Taiwan**	274.22	-0.41	**n.a.**	58.2
2.90	19	**Thailand**	280.05	-1.63	**n.a.**	51.3
3.70	26	**Australia**	957.13	-1.51	**n.a.**	25.1
5.20	16	**New Zealand**	86.20	-0.53	**n.a.**	13.5
1.80	33	**US BROAD MARKET**	1,220.30	0.49	**n.a.**	24.2
3.20	18	**EUROPE**	85.83	-0.87	**n.a.**	23.6

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10414.29
▲ **1.58% or 162.21**

A weaker yen and a brighter mood after the U.S. Federal Reserve voiced a positive view on the economy boosted stocks. Canon and Sony also gained on earnings-related reports.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**216.26**	178	–6	–3.26
Nippon Steel	**122.06**	334	–13	–3.75
Mtshbsh Fin Grp	**88.15**	475	2	0.42
Hitachi	**86.01**	317	14	4.62
SumitomoMitsuiFinl	**78.78**	2,975	54	1.85

Straits-Times
Singapore 2757.68
▲ **1.90% or 51.42**

The index staged its biggest one-day rise in 2½ months, clawing back some of the losses it incurred from scares about the effects of tighter lending in China.

Stock	Volume in millions	Close	Change Net	Change %
Genting Spore	**155.26**	1.08	0.04	3.85
Golden Agri	**119.60**	0.53	0.03	5.00
CapitaLand	**28.23**	3.82	0.08	2.14
NeptuneOrientLines	**27.81**	1.76	0.08	4.76
Noble Grp	**18.28**	2.94	0.07	2.44

Hang Seng
Hong Kong 20356.37
▲ **1.61% or 323.30**

Investors used the Fed's statement as an excuse to end a six-session losing streak. Banks led the rally, with ICBC gaining 3.6% and Bank of China climbing 3.5%.

Stock	Volume in millions	Close	Change Net	Change %
Icbc	**451.43**	5.82	0.20	3.56
CCB	**357.06**	6.12	0.18	3.03
Bank Of China	**355.35**	3.80	0.13	3.54
PetroChina	**94.48**	8.90	0.04	0.45
CNOOC	**91.74**	11.48	0.46	4.17

Kospi
South Korea 1642.43
▲ **1.04% or 16.95**

Hyundai Motor's positive earnings surprise boosted its shares 4.1%. Samsung Electronics rose 1% and Hynix Semiconductor gained 1.5%, after Apple's launch of the iPad.

Stock	Volume in millions	Close	Change Net	Change %
Korea Data Sys	**118.80**	340	–55	–13.92
Samyang Optics	**37.24**	1,350	–120	–8.16
Tlc Leisure	**17.75**	400	–50	–11.11
Baemyung Metal	**16.14**	1,330	–15	–1.12
First Tech Elec	**13.56**	2,860	–285	–9.06

Asian stocks in the news

Sony
Japan ¥3,085
▲ **4.9% or ¥145**

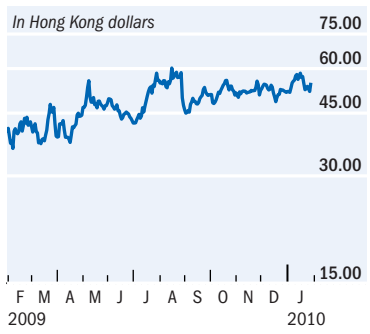
Shares were helped by a news report citing strong overseas demand as likely to boost earnings.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-94.60**
Dividend yield	**0.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**1.1%**	-1.9%	29.1%
Sony	**4.9%**	-3.1%	61.6%

Esprit Hldgs
Hong Kong HK$54.75
▲ **5.8% or HK$3.00**

The stock rose in a delayed reaction to news it signed a term loan to buy out a mainland China joint

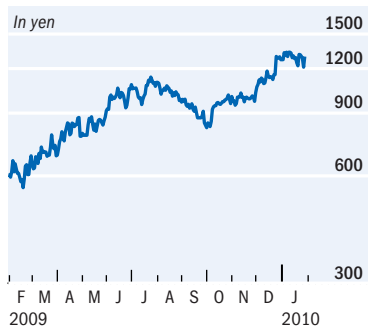


Price-to-earnings ratio	**15**
Earnings per share, past four quarters	**3.72**
Dividend yield	**2.7**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**0.4%**	-2.8%	30.6%
Esprit Hldgs	**5.8%**	4.6%	38.0%

Nippon Elec Glass
Japan ¥1,297
▲ **7.1% or ¥86**

A brokerage raised its earnings forecast for the company after it reported third-quarter results.



Price-to-earnings ratio	**12**
Earnings per share, past four quarters	**105.50**
Dividend yield	**0.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**1.1%**	-4.1%	49.1%
Nippon Elec Glass	**7.1%**	-1.4%	114.7%

Yahoo Japan
Japan ¥33,800
▲ **7.8% or ¥2,450**

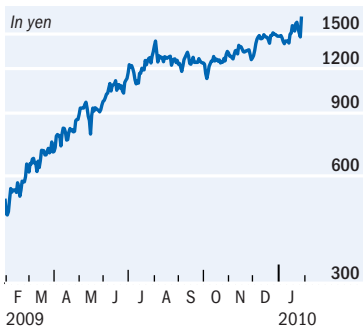
Operating profits in the fiscal third quarter exceeded analysts' estimates.

Price-to-earnings ratio	**24**
Earnings per share, past four quarters	**1392.10**
Dividend yield	**0.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**1.7%**	-4.3%	70.5%
Yahoo Japan	**7.8%**	7.8%	16.2%

Koito Mnfrg
Japan ¥1,680
▲ **14.1% or ¥208**

Third-quarter results showed operating-profit margins above 10%, a positive surprise.



Price-to-earnings ratio	**44**
Earnings per share, past four quarters	**38.60**
Dividend yield	**1.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-0.3%**	-7.5%	47.6%
Koito Mnfrg	**14.1%**	4.7%	224.3%

JFE Hldgs
Japan ¥3,150
▼ **1.7% or ¥55**

The Japanese steel maker's stock slid ahead of its earnings announcement due Friday.

Price-to-earnings ratio	**60**
Earnings per share, past four quarters	**52.10**
Dividend yield	**0.5**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**0.6%**	-6.3%	69.4%
JFE Hldgs	**-1.7%**	-8.6%	29.6%

Kobe Steel
Japan ¥166
▼ **2.4% or ¥4**

Shares fell in reaction to Nippon Steel's profit warning.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-11.20**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**0.6%**	-6.3%	69.4%
Kobe Steel	**-2.4%**	-5.7%	16.1%

Nippon Steel
Japan ¥334
▼ **3.7% or ¥13**

The company warned of its first full-year net loss in 7 years as a building slump squeezed margins.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-2.20**
Dividend yield	**0.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**0.6%**	-6.3%	69.4%
Nippon Steel	**-3.7%**	-10.0%	18.9%

Toyota Motor
Japan ¥3,560
▼ **3.9% or ¥145**

Concerns about the company's suspension of U.S. sales of popular car models sent shares lower.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-43.50**
Dividend yield	**1.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-0.3%**	-7.5%	47.6%
Toyota Motor	**-3.9%**	-15.0%	16.7%

Hitachi Con Machinery
Japan ¥2,034
▼ **7.6% or ¥167**

The company forecast annual operating profit to fall 51% from the previous year.

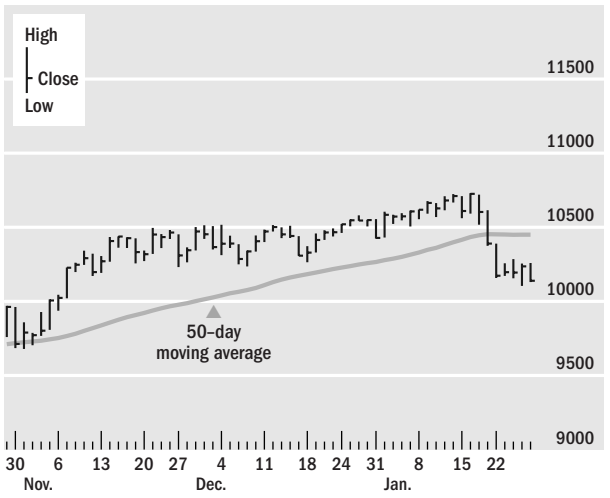
Price-to-earnings ratio	**88**
Earnings per share, past four quarters	**23.20**
Dividend yield	**0.5**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**1.1%**	-4.1%	49.1%
Hitachi Con Machinery	**-7.6%**	-16.7%	117.5%

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 17

LAST: **10138.97** ▼ 97.19, or 0.95%
YEAR TO DATE: ▼ **289.08, or 2.8%**
OVER 52 WEEKS ▲ **1,989.96, or 24.4%**



Nasdaq Composite Index P/E: 39*

LAST: **2187.46** ▼ 33.95, or 1.53%
YEAR TO DATE: ▼ **81.69, or 3.6%**
OVER 52 WEEKS ▲ **679.62, or 45.1%**

S&P 500 Index P/E: 47

LAST: **1088.86** ▼ 8.64, or 0.79%
YEAR TO DATE: ▼ **26.24, or 2.4%**
OVER 52 WEEKS ▲ **243.72, or 28.8%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**26.90**	$25.74	0.12	**0.47%**
Alcoa	AA	**22.30**	12.94	-0.36	**-2.71**
AmExpress	AXP	**5.80**	37.11	-1.56	**-4.03**
BankAm	BAC	**103.60**	15.17	-0.02	**-0.13**
Boeing	BA	**4.40**	61.86	-0.07	**-0.11**
Caterpillar	CAT	**8.40**	51.63	-1.81	**-3.39**
Chevron	CVX	**4.70**	72.83	-0.87	**-1.18**
CiscoSys	CSCO	**30.30**	22.49	-0.66	**-2.84**
CocaCola	KO	**3.90**	54.42	-0.09	**-0.17**
Disney	DIS	**6.30**	28.84	-0.48	**-1.64**
DuPont	DD	**2.80**	32.30	-0.56	**-1.70**
ExxonMobil	XOM	**15.30**	64.91	-0.63	**-0.96**
GenElec	GE	**36.00**	16.12	-0.18	**-1.09**
HewlettPk	HPQ	**12.20**	47.80	-1.65	**-3.34**
HomeDpt	HD	**6.80**	27.38	-0.46	**-1.65**
Intel	INTC	**37.80**	19.74	-0.50	**-2.47**
IBM	IBM	**3.70**	124.35	-1.98	**-1.57**
JPMorgChas	JPM	**30.80**	39.18	-0.15	**-0.38**
JohnsJohns	JNJ	**6.00**	63.30	-0.14	**-0.22**
KftFoods	KFT	**12.10**	28.16	-0.19	**-0.67**
McDonalds	MCD	**3.20**	62.94	-0.79	**-1.24**
Merck	MRK	**5.30**	38.08	-0.56	**-1.45**
Microsoft	MSFT	**42.70**	29.03	-0.64	**-2.16**
Pfizer	PFE	**18.90**	18.69	-0.31	**-1.64**
ProctGamb	PG	**15.20**	62.20	1.39	**2.29**
3M	MMM	**3.80**	79.62	-2.68	**-3.25**
TravelersCos	TRV	**1.70**	50.17	-0.73	**-1.43**
UnitedTech	UTX	**2.30**	66.71	-0.90	**-1.33**
Verizon	VZ	**18.60**	29.20	-0.67	**-2.24**
WalMart	WMT	**6.90**	52.73	-0.67	**-1.25**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**278.6**	$3.23	$0.03	**0.94%**
SPDR S&P 500	SPY	**135.8**	108.35	–1.48	**–1.34**
FordMotor	F	**127.6**	11.46	–0.09	**–0.78**
PwrShrs QQQ	QQQQ	**110.3**	43.48	–1.22	**–2.73**
SPDR FnclSelSct	XLF	**108.3**	14.17	–0.18	**–1.25**
BankAm	BAC	**105.5**	15.16	–0.03	**–0.21**
Motorola	MOT	**88.3**	6.60	–0.80	**–10.82**
Nokia	NOK	**78.6**	13.91	0.99	**7.66**
Qualcomm	QCOM	**74.0**	40.78	–6.42	**–13.60**
SiriusXM	SIRI	**54.8**	0.79	0.05	**6.55**
iShrMSCIEmrgMkt	EEM	**51.2**	38.59	–0.38	**–0.98**
iShrRu2000	IWM	**48.1**	60.56	–1.28	**–2.07**
DrxFinancBear 3x	FAZ	**46.3**	19.91	0.73	**3.81**
Microsoft	MSFT	**42.9**	29.02	–0.65	**–2.19**
Intel	INTC	**38.2**	19.74	–0.50	**–2.47**

Biggest gainers...

MauiLand	MLP	**61.9**	$3.06	$0.56	**22.40%**
Netflix	NFLX	**7,755.4**	62.20	11.23	**22.03**
EKodak	EK	**32,745.9**	5.55	0.80	**16.84**
BioTime Wt	BTIM%	**7.2**	3.03	0.43	**16.54**
ElectroSci	ESIO	**107.2**	12.00	1.65	**15.94**

...Biggest losers

KSeaTrnsp	KSP	**2,503.4**	$10.03	-$4.85	**-32.59%**
TetraTch	TTEK	**3,702.4**	20.20	-4.87	**-19.43**
WSB Hldg	WSB	**2.0**	2.50	-0.50	**-16.64**
ParkBcp	PFED	**2.9**	5.98	-1.02	**-14.55**
NtlPenBcsh	NPBC	**2,158.4**	6.14	-1.02	**-14.25**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.88	**Taiwan Semi**	TSM	**20,708.8**	$10.05	0.06	**0.60%**
4.24	1.65	**Utd Microelectronics**	UMC	**6,693.3**	3.60	-0.13	**-3.49**
82.74	33.09	**BHP Billiton**	BHP	**2,649.9**	71.43	-1.22	**-1.68**
91.97	56.79	**Toyota Motor**	TM	**2,110.0**	77.08	-2.69	**-3.37**
8.19	3.93	**Siliconware Prec Ind**	SPIL	**1,976.1**	6.81	-0.06	**-0.87**
13.30	6.35	**AU Optrncs**	AUO	**1,583.7**	11.68	0.14	**1.21**
15.95	8.65	**China Unicom**	CHU	**1,384.3**	10.99	-0.20	**-1.76**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**1,312.6**	5.15	-0.18	**-3.38**
59.13	22.61	**Infosys Tech**	INFY	**1,008.5**	52.47	-1.96	**-3.60**
59.22	40.20	**China Mobile**	CHL	**962.2**	47.15	-0.42	**-0.88**
18.64	12.59	**SK Telecom**	SKM	**955.4**	17.74	-0.32	**-1.77**
81.00	38.70	**China Life Ins**	LFC	**663.2**	64.89	-0.15	**-0.23**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**579.4**	19.80	-1.03	**-4.94**
21.65	11.30	**KT Corp**	KT	**496.9**	21.27	-0.16	**-0.75**
34.99	15.64	**Sony**	SNE	**453.0**	33.66	0.42	**1.26**
34.27	10.70	**Aluminum Cp of China**	ACH	**448.6**	25.35	-0.14	**-0.53**
18.20	6.85	**Korea Elec Pwr**	KEP	**379.9**	16.69	-0.40	**-2.34**
9.50	3.96	**Nomura Hldgs**	NMR	**259.6**	7.60	-0.15	**-1.94**
37.23	20.72	**Honda Motor**	HMC	**228.1**	34.37	0.00	**0**
4.68	1.50	**SemiMfgInt**	SMI	**214.0**	3.72	0.02	**0.54**
17.19	10.60	**Matsushita Elec**	PC	**202.1**	15.93	-0.12	**-0.75**
135.92	63.94	**PetroChina**	PTR	**173.5**	112.67	-0.30	**-0.27**
9.82	5.43	**Telecom Corp of NZ**	NZT	**164.9**	8.50	-0.13	**-1.51**
150.50	47.09	**POSCO**	PKX	**161.6**	118.31	-1.56	**-1.30**
5.23	1.51	**Adv Semi Engrg**	ASX	**148.6**	4.08	-0.02	**-0.49**
26.56	17.71	**NTT**	NTT	**146.1**	21.25	-0.33	**-1.53**
171.59	75.59	**CNOOC**	CEO	**142.4**	144.81	1.91	**1.34**
18.21	13.11	**NTT DoCoMo**	DCM	**118.2**	15.06	-0.26	**-1.70**
43.95	21.23	**Canon**	CAJ	**115.2**	40.27	-0.62	**-1.52**
34.43	21.60	**Huaneng Power Intl**	HNP	**109.7**	22.03	0.05	**0.23**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

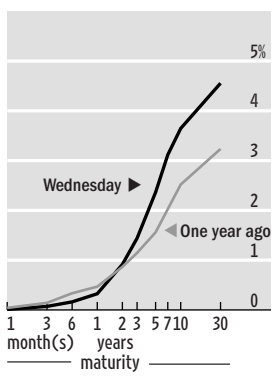
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.360%**	**346.9**	351.0	329.2	**161.3**	**4.338%**	4.337%	**2.523%**
4.500	10	**5.520**	**185.7**	187.4	181.3	**138.1**	**5.460**	5.661	**4.050**
5.000	**Austria** 2	**1.602**	**71.1**	75.8	64.2	**62.6**	**1.586**	1.687	**1.536**
3.900	10	**3.687**	**2.4**	8.3	-0.3	**150.6**	**3.669**	3.845	**4.175**
2.000	**Belgium** 2	**1.447**	**55.6**	57.3	2.5	**61.8**	**1.401**	1.070	**1.528**
3.750	10	**3.787**	**12.4**	15.7	-14.0	**177.8**	**3.743**	3.708	**4.447**
1.500	**Canada** 2	**1.378**	**48.7**	32.0	34.8	**45.1**	**1.148**	1.393	**1.361**
3.750	10	**3.358**	**-30.5**	-28.5	-25.3	**29.0**	**3.301**	3.595	**2.959**
4.000	**Denmark** 2	**1.938**	**104.7**	108.3	102.0	**182.2**	**1.911**	2.065	**2.732**
4.000	10	**3.573**	**-9.0**	-6.6	-21.0	**103.0**	**3.520**	3.638	**3.699**
3.750	**France** 2	**1.180**	**28.9**	35.6	13.2	**87.6**	**1.184**	1.177	**1.786**
3.750	10	**3.459**	**-20.4**	-15.0	-27.0	**106.6**	**3.436**	3.578	**3.735**
1.250	**Germany** 2	**1.124**	**23.3**	29.4	19.4	**70.9**	**1.122**	1.239	**1.619**
3.250	10	**3.197**	**-46.6**	-39.8	-49.6	**57.2**	**3.188**	3.352	**3.241**
0.550	**Hong Kong** 2	**0.708**	**-18.3**	-19.2	-40.2	**-26.7**	**0.636**	0.643	**0.643**
2.160	10	**3.036**	**-62.7**	-58.0	-112.6	**-116.5**	**3.006**	2.722	**1.504**
5.000	**Italy** 2	**1.858**	**96.7**	86.2	47.9	**158.5**	**1.690**	1.524	**2.495**
4.250	10	**4.152**	**48.9**	48.2	21.7	**209.6**	**4.068**	4.065	**4.765**
0.200	**Japan** 2	**0.164**	**-72.7**	-66.3	-87.8	**-46.3**	**0.165**	0.167	**0.447**
1.300	10	**1.317**	**-234.6**	-228.0	-254.1	**-141.0**	**1.306**	1.307	**1.259**
2.500	**Netherlands** 2	**1.201**	**31.0**	35.6	-18.5	**106.8**	**1.184**	0.860	**1.978**
4.000	10	**3.408**	**-25.5**	-20.0	-32.4	**130.9**	**3.386**	3.524	**3.978**
3.200	**Portugal** 2	**1.823**	**93.2**	57.3	33.7	**116.2**	**1.401**	1.382	**2.072**
4.750	10	**4.462**	**79.9**	65.3	19.8	**190.8**	**4.239**	4.046	**4.577**
5.350	**Spain** 2	**1.748**	**85.7**	75.8	48.9	**158.2**	**1.586**	1.534	**2.492**
4.000	10	**4.212**	**54.9**	52.2	11.5	**171.8**	**4.108**	3.963	**4.387**
2.750	**Switzerland** 2	**0.564**	**-32.7**	-26.2	-46.0	**-40.9**	**0.566**	0.585	**0.501**
2.250	10	**1.997**	**-166.6**	-157.8	-186.5	**-48.4**	**2.008**	1.983	**2.185**
3.250	**U.K.** 2	**1.274**	**38.3**	34.8	27.2	**56.1**	**1.176**	1.317	**1.471**
4.500	10	**3.929**	**26.6**	27.2	14.8	**97.9**	**3.858**	3.996	**3.648**
0.875	**U.S.** 2	**0.891**	**...**	...	...	**...**	**0.828**	1.045	**0.910**
3.375	10	**3.663**	**...**	...	...	**...**	**3.586**	3.848	**2.669**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.554%**	16.21	1.65 %	1.65 %	1.65 %	–16.86 %
10-year Treasury	**3.646**	8.20	1.84	1.84	1.84	–5.78
7 Year Treasury	**3.116**	6.15	1.93	1.93	1.93	...
Five-year Treasury	**2.363**	4.70	1.58	1.58	1.58	0.95
Ryan Index	**2.672**	6.69	1.43	1.43	1.43	–3.02
3 Year Treasury	**1.440**	2.90	0.94	0.94	0.94	2.29
Two-year Treasury	**0.915**	1.98	0.61	0.61	0.61	1.95
1 Year Treasury	**0.325**	0.96	0.17	0.17	0.17	1.18
Six-month Treasury	**0.162**	0.50	0.03	0.03	0.03	0.63
Ryan Cash Index-a	**0.142**	0.45	0.05	0.05	0.05	0.58
Three-month bill	**0.071**	0.25	0.01	0.01	0.01	0.35
One-month bill	**0.010**	0.08	...	...	...	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.50
ECB	**1.00**	2.00
Switzerland	**0.53**	0.52
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22875%**	0.41250%
Three month	**0.24875**	1.17000
Six month	**0.38563**	1.63375
One year	**0.85375**	1.92250

	Latest	52 wks ago
Euro Libor		
One month	**0.39000%**	1.75500%
Three month	**0.61000**	2.10375
Six month	**0.92625**	2.19813
One year	**1.20250**	2.29750
Hibor		
One month	**0.07286**	0.34714%
Three month	**0.13000**	0.94714
Six month	**0.25857**	1.25000
One year	**0.57929**	1.65143
Asian dollars		
One month	**0.2476%**	0.42%
Three month	**0.2606**	1.1660
Six month	**0.3990**	1.6100
One year	**0.8710**	1.9160

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3500**	0.2500
Six month	**0.5500**	0.3500
One year	**0.8500**	0.5000

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.19%**	0.28%
U.K. (BBA)	**0.500**	1.500
Euro zone	**0.32**	1.19

Sources: WSJ Market Data Group; Reuters

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

In opaque China, focus on the big picture

China's leaders tend to like stability. Beijing's recent efforts to broadcast its economic policy have brought anything but to global markets.

An apparent mismatch between Chinese policy-maker rhetoric and reality has markets in a spin. Officials are sticking to the mantra that China will follow "moderately loose" monetary policy this year.

But news and analyst reports bubble with talk of banks being told to halt new loans after a sudden rush of lending in the first two weeks of the year.

So, what's behind the disconnect? It may be that market participants are overreacting to every morsel of news from China. But Chinese authorities share some of the blame. They have been laggards at adapting their communications strategy to satisfy a global audience now hanging on their every word and deed.

Certainly, there has been a loss of perspective about where the Chinese economy stands. Last year saw huge new bank lending; $1.4 trillion was handed out, raising the level of outstanding loans by more than 30% from a year earlier.

That can't feasibly continue this year. But an abrupt halt isn't likely either, as China seeks to keep growth comfortably above 8%. China's banking regulator predicts around $1.1 trillion of new lending this year, which would raise the outstanding balance another 18%. That is a slowdown from 2009, granted, but hardly evidence of suddenly tight policy.

An immediate stop to loan expansion just isn't practical. China hopes one day to become an economy less reliant on loan-fueled investment, but that isn't going to happen this year.

Within the big picture, though, tweaks will occur.

Moves now to stop banks from lending look short-term in nature and may last only to the end of the month. The authorities want banks to smooth their lending over the year rather than doling it out all at once.

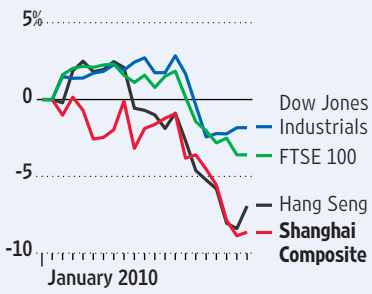
At least, that's the best guess as to what is going on, for there has been little official confirmation. It's the way things are done in China: The relevant phone calls from the authorities to the banks will have been made behind the scenes, and not much will have been written down.

China could help itself—and market participants—by being a bit less opaque. But that, again, is something unlikely to change suddenly. In the meantime, China watchers would do better to focus on the broader picture.

—Andrew Peaple

Underperforming

Index performances, year-to-date



Sources: Thomson Reuters Datastream, Reuters (photo)

Investors at a brokerage house in Shanghai

The ugly truth behind the dollar and the euro

The dollar and the euro are engaged in an ugly contest.

In a long slide since 2000, the dollar has lost about 40% against the euro. After a brief rebound as investors sought safety during the worst of the financial crisis, the greenback again weakened through 2009. But that could change this year.

That might seem odd as, on the face of it, there is little to recommend the dollar. A federal-funds-rate target hovering around zero, quantitative easing and ballooning deficits all serve to undermine the currency. Economic data, especially in consumer-sensitive areas like housing and employment, remain weak.

Ugly as that is, Europe is no model of perfection either. Greece, the obvious blemish, points to a deeper malaise. As Brown Brothers Harriman & Co. says, incomplete political union leaves the euro zone without effective mechanisms to enforce fiscal discipline.

Other countries, like Greece, have lost competitiveness over the past decade but couldn't devalue, and relied on fiscal expansion instead. If Greece calls for a bailout, countries like Germany will have to weigh the risks of raising moral hazard versus the risks of destabilizing markets by standing firm. The need for more rigorous fiscal policing by definition suggests that further erosion of member-state sovereignty will be required, setting the stage for political wrangling.

China's artificially low yuan may be compounding the euro zone's problems. Lombard Street Research reckons European businesses bear the brunt in international trade.

China's recent moves to tighten monetary policy might suggest some relief on this front. But the more pertinent effect, from a currency perspective, is to raise anxieties in financial markets—as observed in recent stock selloffs and the jump in volatility measures like the VIX index. As the experience of late 2008 showed, if things turn ugly, investors tend to close their eyes and embrace the dollar.

—Liam Denning

Green back

How many dollars one euro buys

Source: WSJ Market Data Group

Apple's iPad revolution: a job that isn't finished

Yes, **Apple**'s iPad is revolutionary—but mainly because it is cheap.

By offering the tablet computer for as little as $499, Apple can meet demand for low-priced laptops without a radical price cut on its Mac line. Yet its cheaper computer not only has all the utilitarian functions of a laptop, but enhanced entertainment capabilities as well.

The danger for Apple is that the iPad cannibalizes laptop sales. But by stepping out of the premium niche into the mass market, Apple should make up in volume what it loses on price.

Whether the iPad turns out to be more than a low-priced laptop, though, depends partly on content deals it strikes. So far, Apple has won support from book publishers for an iPad e-book store, threatening **Amazon.com**'s leadership in e-books. Still, given that Apple proposes higher pricing on some e-books than Kindle, the severity of that threat is murky.

Newspaper and magazine publishers, as well as videogame makers, should follow. But the iPad's likely inroads into the television business look minimal for now.

One other limitation: Apple is using its U.S. iPhone carrier, **AT&T**, for 3G wireless. Given congestion on AT&T's network, some consumers may choose the model built for Wi-Fi use only.

Having sparked revolutions with the iPod and iPhone, Steve Jobs has a way to go before his tablet does the same.

—Martin Peers

Ford's gain from Toyota's pain

The car in front is less likely to be a Toyota.

One big implication of **Toyota Motor**'s huge recall of eight of its most popular models will be to cloud January's and February's light-vehicle sales figures.

The models involved in the latest recall accounted for 57% of Toyota's U.S. vehicle sales last year, when the company held an 18.2% market share. As prospective buyers digest all this, the resulting delay could depress the overall market.

Apart from Toyota itself, auto dealers with a relatively high weighting to its brands, such as Group 1 Automotive and AutoNation, could suffer.

That said, one manufacturer's difficulty is another's opportunity. No company knows that better than **Ford Motor**, which had its own bruising recall back in 2000. It looks very well-positioned to gain from Toyota's woes now.

Even before Toyota's recalls, Ford was forecast to replace 25% of its existing vehicle lineup each year between 2010 and 2013, according to John Murphy at Bank of America Merrill Lynch Global Research.

> If sales turn higher, there couldn't be a better time for Ford to see a rival stumble.

Toyota's replacement rate was put at 17%.

Any impact on Toyota's ability to refresh its fleet will give Ford even more of an advantage from its new models.

The mix of Toyota's recall also is important. Buyers of Camry and Corolla sedans may instead consider Ford's recently relaunched Taurus or Focus.

Its updated, more fuel-efficient Explorer sport-utility vehicle, due to be launched later this year, could take market share from Toyota's RAV4 and Highlander SUVs.

If a true upswing in U.S. vehicle sales takes hold, there couldn't be a better time for Ford to see a major rival stumble.

If the market remains weak, taking market share will be just as important in justifying Ford's current share price.

—Liam Denning

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